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NATION'S BUSINESS



JULY - 1929

Even the Big
Can't Stand Alone

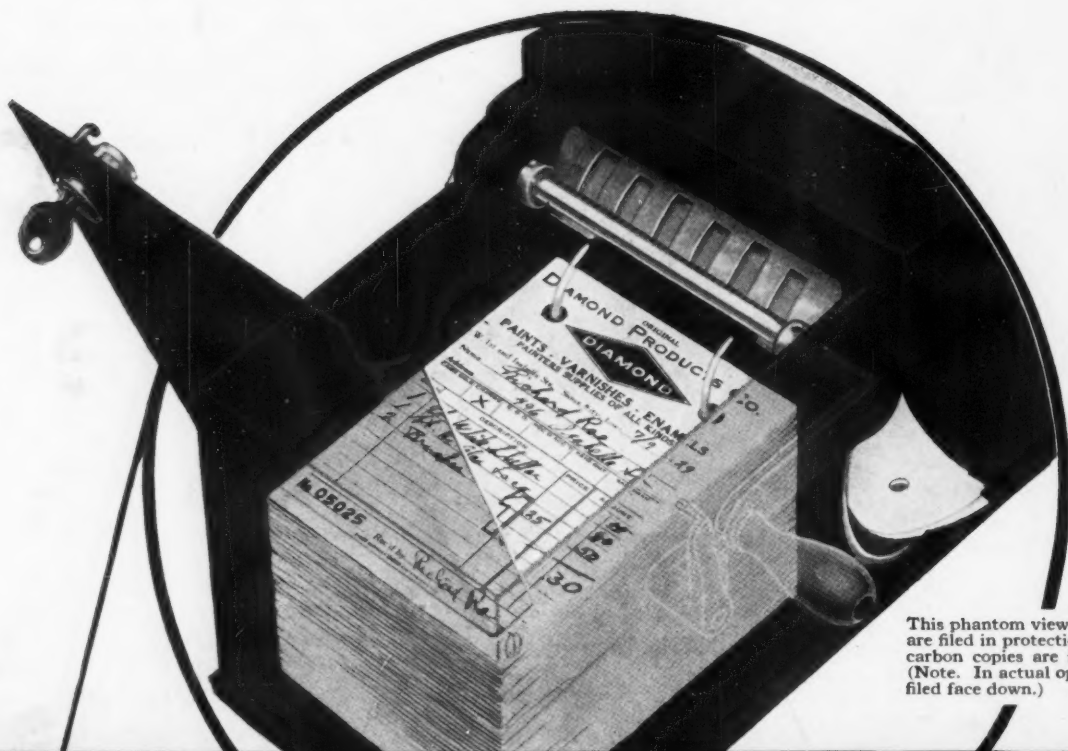
By O. H. CHENEY

What the
Auto Industry Thinks
of Flying

By EDWARD S. JORDAN



300,000 CIRCULATION



This phantom view shows how originals are filed in protection chamber and how carbon copies are issued out the side. (Note. In actual operation originals are filed face down.)

original sales slips locked up and filed

four costly blunders now gone forever

Lost tickets, misplaced books, altered figures and posting errors—four costly blunders due to old-fashioned sales pads and books—are forever ended by this modern method of writing sales tickets.

With this new machine, the *original* sales ticket is locked up the instant the sale is completed—away from everyone except the person who holds the key. Only the carbon copies are issued.

Keeping the *original* instead of a carbon copy for auditing and bookkeeping is modern practice. The original copy is always more legible and is the best evidence in case of dispute.

Most progressive firms have followed this policy *as well as they could*. But until the introduction of the Uarco-Filer it was always a problem to prevent loss or alteration of the *original* copy after the tickets were written.

All such problems, however, are solved by the machine described. Here at last is positive protection against lost tickets, altered figures and posting errors.

(Note! Please don't confuse this register with machines that re-fold or retain a carbon copy. The Uarco-Filer is the only register that holds on to the original copies—that separates them, locks them up and files them flat, all facing the same way—ready for instant transfer to post binders.)

Full information on the Uarco-Filer and samples of tickets in actual use are yours without obligation. Write or mail the coupon today.

UARCO

UNITED AUTOGRAPHIC REGISTER CO.
BUSINESS SYSTEMS

Chicago — Oakland, Calif. — Cincinnati — Cleveland
Canadian Representatives: Business Systems Limited, Toronto

United Autographic Register Co., 2316-40 W. 43rd St., Chicago, Ill.

Yes, I'm interested in protecting my sales slips. Send me sample tickets and further information on the Uarco-Filer.

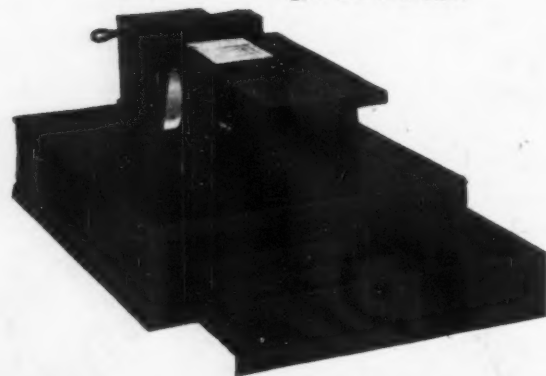
My Name _____ Firm _____

Address _____



THE UARCO-FILER

1. Positive Protection
2. Accuracy
3. Speedy Recording
4. Simplified Bookkeeping
5. Convenience



The Uarco-Filer may also be had mounted on a cash drawer. After the sales ticket is written, a turn of the handle opens the cash drawer and moves the original sales slip into the locked chamber and files it in consecutive order, at the same time issuing one or two carbon copies.



THIS MONTH AND NEXT

WHEN the business manager bursts into the editorial offices with an excited light in his eyes his usual purpose is to check up on the budget. Thus, when he arrived while the July issue of NATION'S BUSINESS was being prepared, the staff immediately assumed a defensive attitude. It proved an unnecessary precaution. The business manager had read O. H. Cheney's article, "Even the Big Can't Stand Alone," and became so enthusiastic he insisted on helping edit it.



E. Armstrong

While he was still under foot another man arrived. He is a periodic visitor to the editorial offices and, on a previous call, had read proofs of Edward R. Armstrong's article describing the seadromes he is building to

make ocean flying safe and reliable. The visitor had told his wife about the seadromes and she became so interested our visitor returned to see if he could get proofs to show to her.



James Simpson

Mr. Armstrong, by the way, although he has written a story that would make Jules Verne envious, is an unusual combination of conservative business man and scientist. The office cynic, after talking to him, became an enthusiastic advocate of the seadrome plan.

A plan, as unusual in its way as that by which Mr. Armstrong expects to bridge the seas, is described by James Simpson, president of Marshall Field and Company, in his article, "Simplifying Buying for the Merchant." It is a story of the Chicago Merchandise Mart which will house an entire wholesale district under one roof. Behind the Merchandise Mart is an unusual idea in modern merchandising.

Men of varying prejudices and views have discussed the question, "What effect will the airplane have on the automobile?" Seeking a neutral answer, we asked Edward S. Jordan, his opinion. As president of the Jordan Motor Car Company and a director of the Great



E. S. Jordan

NATION'S BUSINESS for JULY

VOLUME 17



NUMBER 8

	PAGE
To an Anxious Young Man.....	Merle Thorpe 9
As the Business World Wags.....	Editorials 11
Even the Big Can't Stand Alone.....	O. H. Cheney 15
Carving Out Stone for the New Temple of Commerce	
<i>Drawing by Earl Horter</i>	18
Do We Executives Earn Our Pay?.....	C. D. Garretson 19
What the Auto Industry Thinks of Flying.....	Edward S. Jordan 22
So This is America.....	Herbert Corey 25
I'm for the "Lame-Duck" Session.....	John Q. Tilson 28
The Battle of the Booksellers.....	John Van Bibber 29
The New Problems Radio Brings.....	Martin Codel 32
What's Next in Ocean Travel?.....	Edward R. Armstrong 33
Untangling the Government.....	William Hard 35
The Map of the Nation's Business.....	Frank Greene 38
Looking On In Washington.....	40
Simplifying Buying for the Merchant.....	James Simpson 41
Business Men in the Month's News.....	42
Another Way to Prosperity.....	S. S. Garrett 44
Stores the Road Passes Through.....	Willard D. Morgan 45
The Why of Commodity Exchanges.....	Julius B. Baer 47
It's Great to be Mayor, but—.....	M. T. Pittsford 50
Progress of the Summer Session.....	Fred DeWitt Shelton 55
What is Industry's Purpose? (Part II).....	Matthew Woll 58
Gold Bricks! No, Not in Rochester.....	William A. Dupuy 62
Can the Chains End Price Cutting?.....	H. M. Foster 68
Price Isn't Everything.....	Walter Engard 70
A New Sea Epoch is Born.....	Frank N. Smith 74
Who's Who Among Business Words.....	Thomas L. Masson 78
Can I Use My Name in Business?.....	Charles Melvin Neff 84
Science Shows Its Newest Wares.....	Harrison E. Howe 89
A College with a Business Code.....	Arthur E. Morgan 98
The Lesser Triumphs of Science.....	Harry E. Orr 101
Your Luck's What You Make It.....	James A. Walker 111
What I've Been Reading.....	William Feather 127
The Pattern of Commerce.....	Raymond Willoughby 139
How a City Won an Industry.....	P. L. Thomson 148
What the World of Finance Talks of.....	Merryle Stanley Rukeyser 165
What Other Editors Think.....	Wainwright Evans 180
Through the Editor's Spectacles.....	185
Index to Advertisers.....	192

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Lakes Aircraft Corporation he is in a position to see both sides of this problem and to judge as a father might between these two youngest children of the transportation family.

If there is peace, however, along the transportation front, it is not reflected in the book publishing industry in the



Matthew Woll

opinion of John Van Bibber who sees what he calls "The Battle of the Booksellers" in the advent of young fellows who have introduced new methods of merchandising and advertising into a field long known for its dignity

and conservatism.

John Q. Tilson, majority leader in the House of Representatives, has written an article that is almost radical because it is conservative. He has defended the "lame-duck session" of Congress and, supporting his stand, points out that changes in the present program not only are unnecessary but could easily be harmful.

C. D. Garretson, an executive himself—he is president of the Electric Hose and Rubber Company—



L. Pasvolksky

has seen some things that convince him that many highly paid executives are collecting salaries they do not earn. He has written an article declaring among other things that once men reach lofty executive positions they fail to think.

Other articles this month include an explanation of the workings of the commodity exchange by Julius Baer, counsel for the Rubber Exchange, of New



Elisha Lee

York, Inc., National Raw Silk Exchange, Inc., and National Metal Exchange, Inc.; a discussion of the importance of radio and an explanation of the Couzens bill to regulate it, by Martin Codel; part two of the article by Matthew

Woll and another story of Herbert Corey's "So This Is America" series.

Next month's schedule includes a study of Europe's efforts for greater agricultural production by Leo Pasvolksky, prominent economist, who has just returned from abroad. Elisha Lee, vice president of the Pennsylvania Railroad, will give his views of the union of railroad and air lines. Porter Adams, chairman of the Executive Committee of the National Aeronautic Association, has written of the financial side of aviation while Agnes Laut contributes a comprehensive article, "Is the Country Panic Proof?"

Many Able Men Waste Years before they learn this simple lesson

IN a very old book named Joel, after the man who wrote it, you will find this line—"The Years that the Locust hath Eaten."

A solemn sounding line it is, full of sad significance.

The years when there were no crops, because they were destroyed by the enemies of crops. The years when men worked and made no progress; when the end of the year found them a little poorer than its beginning, because a part of their little span of life was gone and had produced no increase.

In almost every life there are some fruitless years; but the tragedies occur when, year after year, men go along feeding their lives to the locust of indecision, or the locust of laziness, or the locust of too great concentration on a petty task.

In every week of every year the Alexander Hamilton Institute is brought into contact with such tragedies.

"I wish I had acted earlier"

"My experience with the Alexander Hamilton Institute leaves me only with the regret that I did not make contact with it at an earlier time," says one man.

For that regret there is no healing. The years when one might have acted, and did not; these are the years that the locust hath eaten.

"If I had enrolled with you a year or two ago, I should be better able to handle my daily problems," another says.

Many able men waste years before they learn this simple lesson—before they learn that success today is impossible without training and that the time to get that training is not next month or next year but *right now*.

The punishment of wasted years

This happened just the other day: A man wrote asking that someone call on him who could give him detailed information as to just how the Alexander Hamilton Institute has helped more than 358,000 men to greater success.

The representative found a man past fifty years of age, occupying a modest position in a great corporation. He sat down to explain

*This is one of the most
FAMOUS ADVERTISEMENTS
ever written*

We first printed this unusual message under the title "The Years that the Locust hath Eaten" in 1919. Hundreds of successful men today are thankful that they read it. It is almost safe to say that it has created more discussion than any other advertising message the Institute has ever printed. Read it yourself; it's for every man who wants to cut the fruitless years out of his life.



the Institute's plan and method. And as he talked, naming one and another who now occupy high positions, he looked across at the gray-haired man, who was plainly disturbed by emotion.

The representative of the Institute turned away his eyes; he knew what that man was thinking. His thoughts were turned back over the fields of wasted opportunity; he was plagued by the thought of the years that the locust hath eaten.

The facts about the Institute have been printed so many times that few men need to have them repeated. The average man knows that the Institute is the institution that specializes in taking men who know only

one department of business, and rounding them out into fitness for high executive tasks.

He knows that 378,000 men are proof of its strength and standing; he knows that business and educational authority of the highest standing is represented in the Institute's Advisory Council.

The Council consists of: GENERAL T. COLEMAN DUPONT, the well-known business executive; PERCY H. JOHNSTON, President of the great Chemical National Bank of New York; DEXTER S. KIMBALL, Dean of the College of Engineering, Cornell University; JOHN HAYS HAMMOND, the eminent consulting engineer; FREDERICK H. HURDMAN, Certified Public Accountant and business advisor; JEREMIAH W. JENKS, the internationally known statistician and economist.

Today's decision may save you tomorrow's regrets

This advertisement is directed to the man who knows all this and, knowing it, has let the weeks and months and years slip by—years that might have meant so much to him, and now are gone and beyond recalling; years that the locust hath eaten.

To such men—and to all men of earnest purpose who seek to avoid these wasted years—the Alexander Hamilton Institute comes now, asking for only one moment of firm decision—one moment in which to take the first step that can begin to turn ordinary years into great years of progress.

"Forging Ahead in Business"

A book has been published for you, entitled "Forging Ahead in Business."

It is not a book for drifters; but to men who are asking themselves: "Where am I going to be five years from now?" it is offered freely and gladly without the slightest charge.

Your copy of "Forging Ahead in Business" is waiting. Send for it now.

**ALEXANDER HAMILTON
INSTITUTE**

Announcing Three New Management Courses

To meet a growing demand, the Institute now offers these three new Management Courses in addition to its regular Modern Business Course and Service:

- 1—Marketing Management
- 2—Production Management
- 3—Finance Management

These new Courses are of particular interest to younger executives who want definite training in the management of the departments of business in which they are now engaged. The details of this interesting development in business training are included in the booklet which the coupon will bring you. Send for it.

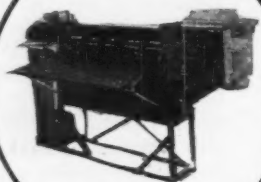
To the Alexander Hamilton Institute, 872 Astor Place, New York City. (In Canada address Alexander Hamilton Institute, Ltd., C. P. R. Building, Toronto.)
Send me the latest edition of "Forging Ahead in Business," together with full information about the new Management Courses.

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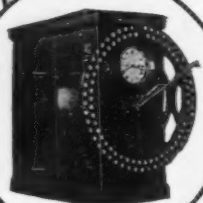
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For the increase and protection of profits -International Business Machines



Electric Tabulating and Accounting Machines (Hollerith Patents) that are identified all over the world with accounting and statistical work.



International electric and clock driven time devices and systems that insure accurate time indicating, recording, and signaling.



Dayton computing and non-computing scales for mercantile and industrial use, and store equipment for speeding up service and reducing costs.

Industry in all its phases is today face to face with a new set of conditions born of modern needs. Up-to-date methods—which are machine methods—must prevail if profits are to be increased and protected.

By reducing costs, controlling expenses, and eliminating losses, International Business Machines contribute to the development of industry. Any business, regardless of its kind or size, can profit through the use of one or more of these time-, labor-, and money-saving devices.

The phrase "International Business Machines" covers the following three distinct, world-famous lines of profit-building equipment, which are made in more than six hundred models:

ELECTRIC TABULATING AND ACCOUNTING MACHINES (HOLLERITH PATENTS.)

INTERNATIONAL TIME RECORDING, INDICATING AND SIGNALING DEVICES.

DAYTON SCALES FOR ALL PURPOSES AND STORE EQUIPMENT.

They simplify routines. They supply trustworthy information. They insure the profits of an individual department and the progress of an entire organization.

Write or telephone for a survey of your requirements in mechanical methods, or for more detailed information regarding the devices applicable to your immediate needs. No obligation whatever.



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To an Anxious Young Man

A YOUNG man writes to ask which field of business will offer him the greatest opportunities for success during the next 25 years. Not knowing his inclinations we must discuss the question in general terms.

One note is clear in our present-day life. A mighty contest is on to defeat Father Time. Each one of us is born with a given number of years and days to his credit. The fateful span cannot be increased by a single minute, except by getting more done in the given span. That way only can life be lengthened. Practically everything that is going on today is motivated by this urge, and success has perched on the banners of those who have devised ways of making us live longer within our allotted time.

What is mass production but a battle against Time? Mass selling is a short-cut over the peddler and the drummer age. Instalment buying defeats Time by giving us those things we desire earlier than we would otherwise have them.

First page news it is when a train clips five hours off the schedule from Chicago to San Francisco. We applaud and pay tribute to the genius which brings Berlin and Stockholm and Paris to the telephone on our desk. We cheer Lindbergh. The automobile, radio, electric refrigeration, aviation, television—all are eagerly accepted because they give us a glimmer of that thing we most desire, victory over Time.

Conveniences for the office, visible index filing systems, adding and bookkeeping and accounting machines, typewriters, dictaphones—all for what purpose? To save time, thereby making more time available for other things.

Conveniences for the home, running water, electricity, roller screens, thermo-

stats—all evidences of the inexorable fight against Time.

The question of the day is, "How long will it take?" An earlier generation asked, "How far is it?"

Faster and faster grows the pace. Whole cities made over in a few decades, skyscrapers a matter of months; the new is made a public servant before the old is outworn. Haste and yeasty ferment everywhere. Whether for good or ill, is another story. The fact remains.

"Done while you wait" is a motto on every hand and we don't, and won't, wait long.

In "Pegasus," our anxious young man can get his answer:

The crucial problem today is movement in all its forms. If tomorrow you can move twice the speed you can today, you will have twice the time at your disposal to work in. It is not gold standards and other such humbug which provides wealth; it is work; and if tomorrow you have twice as much time to work in as you have today, your wealth will be doubled.

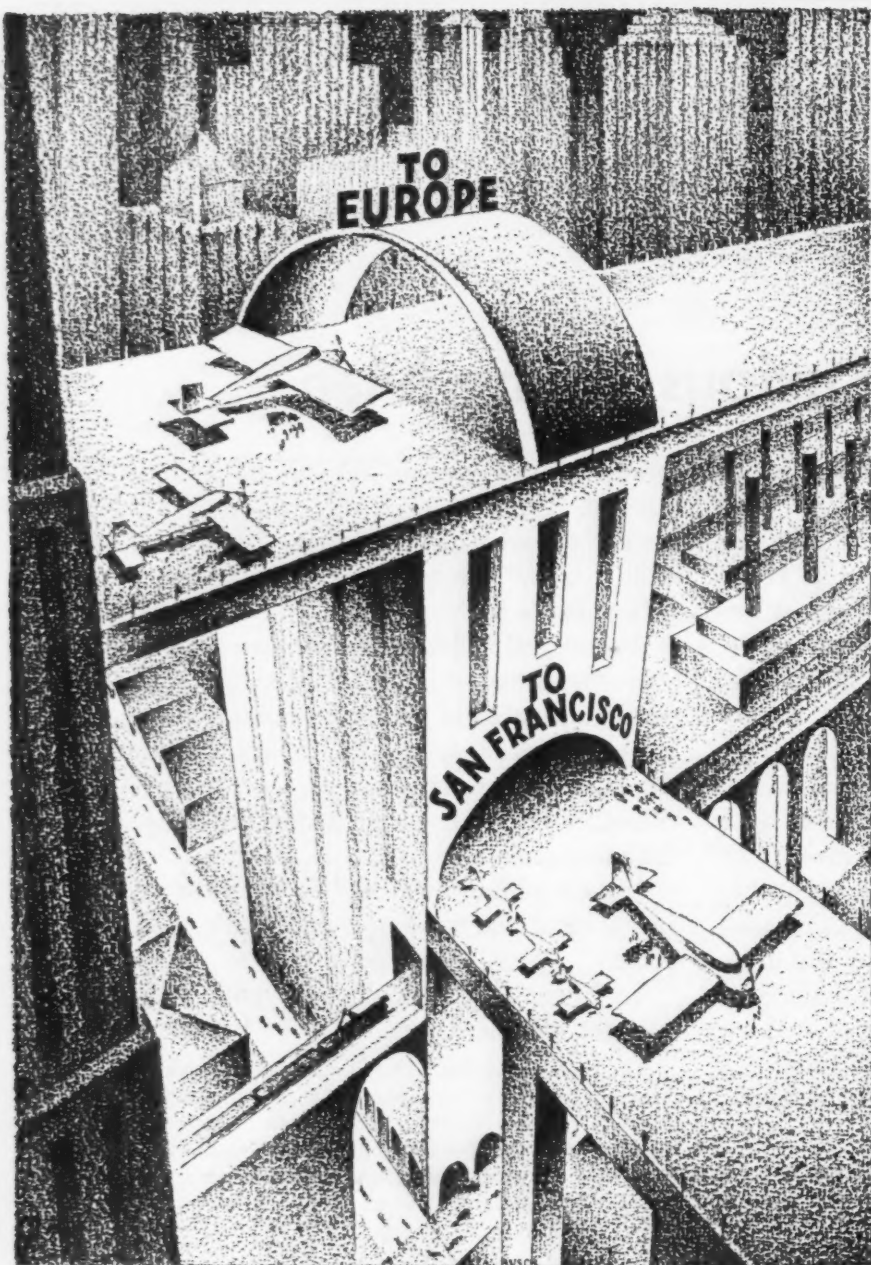
Let the young man enter the lists organized to defeat Father Time. No matter where he is thrown, whether making harness, planting corn, building bridges, pleading cases, if he does a quicker and better job, the world will beat a path to his door.

Kipling, sage and seer, tells him:

Everything in life, from marriage to manslaughter, turns on the speed and cost at which men, things and thoughts can be shifted from one place to another.

The young man's grandfather thought in terms of hours; his father spoke in terms of minutes; our young man must gear himself up to act in terms of split-seconds.

Merce Thorne



Austin's Airport Division serves this mighty new arm of transportation with site selection; airport surveys; layout, design and construction of complete airports, hangars, factories and other aviation buildings in 18 states—in 32 cities. Austin's experience in serving aviation covers more than a decade.



COAST to COAST in 18 hours and 22 minutes

TRANSCONTINENTAL non-stop flight is a stunt today, perhaps—but tomorrow, a commercial possibility, a priceless asset to the business executive whose far-flung operations demand speed and yet more speed in transportation.

The Austin organization anticipated this era of national operations on a huge scale, making available a Coast to Coast engineering and construction service . . . its speed, experience and organized ability proving a most valuable asset to scores of companies doing—or planning to do—a national business.

For example . . . you can plan with Austin in New York or Philadelphia or Chicago for a branch plant

or warehouse or commercial building in Los Angeles or Dallas or Seattle, where Austin's experienced local organization will handle the project complete.

Business moves fast today, the business that succeeds. Time, the Master . . . makes or breaks an industry. Austin's greatest service is helping business executives meet Time more than halfway with modern methods, with speed, with guaranteed results.

Whatever type or size of building project you may be considering, wherever located, it will pay you to get in touch with Austin. Phone the nearest office, wire or send the Memo below.

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Engineers and Builders • Cleveland



New York Chicago Philadelphia Detroit Cincinnati Pittsburgh St. Louis Seattle
Portland Phoenix The Austin Company of California: Los Angeles, Oakland and San Francisco
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"The Austin Book of Buildings." Individual _____ Firm _____ City _____ NB 7-29

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NATION'S BUSINESS



Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

As the Business World Wags

THUS WE MAY SEE, QUOTH HE.
HOW THE WORLD WAGS—*As You Like It*

Big Figures of Business



HOW big is news, particularly business news? Shall we measure it by the amount of money or material involved? If we measure it that way, think of these things happening since these editorial pages were last before your eyes:

Germany binds herself to pay \$7,826,868,000 over a period of 37 years.

Charles M. Schwab says the annual production of steel in this country may average 50,000,000 tons a year for the next decade, which if you think of it in terms of close to half a ton a year for every man, woman and child, is a stupendous figure.

The Commonwealth and Southern, a new utilities company, just incorporated in Delaware, brings into one three public utilities systems whose assets exceed a billion dollars.

The stock market dropped in May and prices were \$3,001,409,396 lower on the last day of that month than on the first.

And biggest figure of all is the estimate made by Professor Copeland of Cornell for the Committee on Recent Economic Changes that the "realized income" of the United States for 1928 was \$89,000,000,000, which is $2\frac{1}{2}$ times what it was in 1914.

The Real Business News



BUT we don't measure news only by bigness, even when it is news of business. The manufacturer who sees on the horizon a new commodity which may supplant his product is far more concerned with that subject than with the settlement of war claims; a department store owner who sees his rival across the street become a part of a

new chain is more concerned by that than by the news of an international bank.

It is not easy to make men international or even national, in their thinking. Many a business still bears the scars of 1920-1921, yet how many of us recall that the first ominous signs of that decline came from Japan where silk prices declined?

But we are international whether we like it or not. The man who buys a banana from a street vendor in Detroit is part of a great chain of foreign trade of which another link is the unloading of an American automobile at a dock on the north coast of Colombia. If he decides against the banana and in favor of chewing gum he may have helped one man in Mexico to buy American shoes and another in Cuba to buy American flour.

World Finance New Style



OWEN D. YOUNG, past master of the diplomacy of international business, is at this writing (June 13) on his way home from Paris.

Before he left he made it plain to the Paris correspondents of New York newspapers that the great thing that grew out of the experts' meeting in Paris was not the agreement reached on the German war debts, great as that achievement was, but the Bank for International Settlements—which in the words of the New York *Times*' correspondent, will furnish to the

world of international commerce and finance important facilities hitherto lacking and it is believed it will contribute in a valuable manner to the stability of the world's credit structure by bringing about cooperation between central banking institutions generally.

A correspondent of the *World* supplemented this view of the importance of the bank by summarizing Mr. Young's talk at a good-bye luncheon in Paris. Mr. Young is not quoted directly but in the main he pointed out that if the capitalistic system under which most of the world now lives is to last it must expand

to meet new world needs. Here is one paragraph from the *World's* summary:

As it stands today the world's-capitalistic system is inadequate in international relations. It lacks the spirit of cooperation; the world's business machine is faulty. If improved to where it ought to be, if it always brought happiness in its wake, the world as now organized need not fear ideas prevalent in Moscow.

One phrase from Mr. Young's talk struck in the correspondent's mind. "You can't," said Mr. Young, "make a turbine in a blacksmith's shop," and that, it would seem, is what Mr. Young thinks we have been trying to do in International banking. Capitalism has been effective at home but clumsy across frontiers.

If an international bank is good to regulate international finance and credits, is there a corresponding need for some international regulation of oil, of steel, of wheat?

The Greatest Lawsuit



THE O'Fallon railroad valuation case in which the Supreme Court has recently handed down a decision has been hailed as "the greatest lawsuit in history."

Perhaps it is. Certainly great sums of money were involved and it may have great effects on our transportation system.

But it is easy to overestimate its importance. It is easy to jump at a conclusion that all the work of railroad valuation must be thrown on the scrap heap and a new start made; it is easy to jump at a conclusion (and many made the jump) that there will be a wholesale increase in rates as a result.

Neither conclusion seems sound. The Court has, in brief, told the Interstate Commerce Commission that due weight must be given to reproduction costs in valuing the railroads. To quote the Court:

But Congress has directed that values shall be fixed upon a consideration of present costs, along with all other pertinent facts, and this mandate must be obeyed.

But the Commission, while it may have to readjust work already done, need not scrap it; rates may be reconsidered and remade on these new valuations but the railroad-using public need not fear a wholesale rate increase.

There is one clause in the Supreme Court's decision which is worth quoting in view of the fact that the Court has before it the Commission's interpretation of the Hoch-Smith resolution:

Unfortunately, proper heed was denied the timely admonition of the minority—"the function of this Commission is not to act as an arbiter in economics, but as an agency of Congress, to apply the law of the land to facts developed of record in matters committed by Congress to our jurisdiction."

The Guess and the Figures



THE valuation of the railroads has been going on for some 16 years and has cost \$150,000,000 of which the Commission has spent between 35 and 40 million and the railroads the rest. There are still some years of work to be done. Turn back the clock to May 31, 1910, and

listen to this colloquy held on the floor of the Senate:

MR. GALLINGER: I ask the Senator from Wisconsin if I am correctly informed or approximately so when certain gentlemen who know a good deal about this matter say it will cost \$8,000,000 or \$9,000,000 to do this work.

MR. LA FOLLETTE: I can say to the Senator from New Hampshire that at an expense not exceeding \$10 per mile or \$2,400,000 for the entire mileage of the United States we can learn the value of the physical property of the railroad companies of this country engaged in interstate commerce. I undertake to say . . . that if we will expend that amount of money enabling us to bring railroad rates to the proper basis as fixed by the Supreme Court and as applied in Wisconsin we will be saved in railroad transportation charges in 12 months more than 150 times the cost of making the valuation of the physical property of the railroad companies.

MR. GALLINGER: The Senator in 1906 put the amount at \$5,000,000.

MR. LA FOLLETTE: I stated at that time the total cost, I will say to the Senator from New Hampshire, of a double valuation; that is, what it would cost the Government and what, in addition, it would cost the railroad companies to check over the work of the Government in order to protect their interests . . . The railroads are likely to go step by step with the Government and in all probability they will expend about as much as the Government will and in the aggregate it will make about \$5,000,000.

MR. ELKINS: I have a letter from the Interstate Commerce Commission written more than two years ago in which they state that the expense incident to making the examination as to the value of the railroads is estimated at \$3,000,000; time 3 years. I think it will require 5 years and cost \$5,000,000 and I do not think the results will justify this vast expenditure. I think by the time we get through one examination we would probably have to make another. I fear if this examination is made it will result in piling up the valuation mountain high.

Senator La Follette is dead, Senator Gallinger is dead; valuation has already cost 30 or 40 times the La Follette estimate and the end is not yet.

Government's Research Task



WE HAVE just been asking questions about the functions of government and confessing how much easier they are to ask than to answer. So we are grateful when someone undertakes an answer.

Dr. Harrison E. Howe of *Industrial and Engineering Chemistry*, in a recent issue defines the function of government in regard to research in these words:

A problem must either be so broad as to affect a very substantial portion of the population, or so fundamental that it cannot properly be attacked by other agencies, to bring it within the proper purview of the directors of research under federal appropriations. A possible exception is where an industry, unacquainted with the methods of research, requires leadership to be taken by a federal group, but this should be relinquished with all speed when the industry is capable of caring for itself.

An interesting definition. We could wish that someone would attempt a definition of the functions of government on its non-scientific and particularly on its industrial lines.

Debenture Farm Style



"WHAT," asks an inquiring correspondent, "is a debenture? Vaguely I know that it is a sort of bond, but what is it in a farm relief bill? What is this thing that's at issue between the House and Senate?"

The answer is in Section 10 of S. 1, the Senate's Agricultural Surplus Control Bill being officially listed

as S. 1. A debenture, or to be exact an export debenture, dear reader, is a certificate issued by the Secretary of the Treasury when a Federal Farm Board tells him to. The Board tells the Secretary to issue the export debenture because it has become convinced that there is a surplus of some farm product that needs control. The amount of the debenture is one half the duty on imports of the same commodity. If the tariff on wheat is 42 cents a bushel and you, dear reader, export 10,000 bushels of wheat you should receive under the plan an export debenture of \$2,100.

That debenture is transferable and is receivable at its face value in payment of duties on goods imported by the bearer.

It seems to a mind untrained in agricultural economics and in methods of farm relief to be a somewhat roundabout way of paying an export subsidy.

A Point of View



"I HAVE made enough money," said a chain-store executive the other day, "there is no thrill in it any longer. I believe every cent I have has been honestly earned.

However, I find I have so many things now that I have no time to enjoy any one thing thoroughly.

"The only time in the last few years I have enjoyed myself thoroughly was once when I was sick. It was in France, and then for a time all was simple and restful and decidedly refreshing. I heard little English, and had to fall back on my own resources for entertainment. I have not gotten over the surprising discoveries in simple living I then made.

"The other day I offered a rather large sum of money to a charitable foundation. The founder advised against it, because he thought I would get more out

of giving if I administered it myself, and carried it to a conclusion.

"I suspect that he was right. At any rate, I intend to devote more and more of my future time to improving the trade and community relationships within my own field."

More and more business men are finding that values change when they begin to think of the art of living once the necessity of making a living is passed.

Bureaucracy Answers



THE United States Chamber of Commerce at its Annual Meeting said:

"Steps should be taken to remove the Panama Railroad Steamship Company from the shipping business; the shipping requirements of the Panama Canal should be secured from private shipping companies."

The Canal administration rushed to the defense of the ship service and an article in the *New York Times* of May 21 sets forth its argument. Stripped of such assertions as that the charges are "unfair," "based on misrepresentation," "more objectionable attack on the Canal than any that has come from a foreign source"—these are the main points in the defense and the obvious reply:

Point 1. The line is a corporation operated under the laws of the State of New York as a corporation. Answer—The company is organized under the laws of the State of New York, but the stock is owned entirely by the Government so that it is as much a government enterprise as if it were established by an act of Congress.

Point 2. The line is operated without any assistance from congressional appropriation. Answer—the losses

AN EDITORIAL WITHOUT WORDS



Can an independent merchant successfully run a store here flanked by chains on either side?

are absorbed in the profits of the Panama Railroad Company.

Point 3. The fact that the line does not pay income or other federal taxes (nor does it pay interest on the money invested) is offset by the rate reductions which amount to approximately \$500,000 annually. Answer—Being a government undertaking, and being thereby exempt from the obligation to show a profit, the Panama Line quotes rates which are 25 to 80 per cent below market rates, and which involve losses that no private shipping company could stand. These losses eventually come out of the Government.

Point 4. The dividends of the Panama Line are paid into the United States Treasury rather than to private stockholders. Answer—The Company never has paid any dividends.

Point 5. No satisfactory substitute service for the general operation of the Panama Line has been suggested. Answer—There is a privately owned ship of a type better than any ships operated by the Panama Line, leaving a port of the United States for the Canal Zone every day. If the Canal administration has any desire to get out of the shipping business it would be easy to find a private ship owner who would contract to do all the carrying that the Canal administration requires, provided the administration will pay the going rate for the service performed.

Point 6. As against the contention that the Panama Line should discontinue to accept commercial cargo, the Canal administration says that it is the carrying of a proportion of commercial cargo that enables them to operate without governmental assistance. Answer—According to the Canal officials in order to permit them to operate their vessels in carrying government freight to the Canal at a loss, they must be permitted to compete with privately owned lines at other ports.

Enough for a first lesson.

Sheep or Hog Minded?



EARNEST ELMO CALKINS is an advertising agent who when he writes about his industry does not put on rose tinted spectacles. On page 196 of this issue Mr. Calkins

has some frank things to say about advertising, some things that may not be relished by other advertisers and by the American consuming public.

Mr. Calkins says that advertising in this country succeeds largely because we are "like-minded," because we are always eager to do what the others are doing, to buy because our neighbor has bought. "Advertising of widely adopted popular-priced articles would never have succeeded," says Mr. Calkins, "with a nation of individualists."

A shock to those of us who had been talking American individualism, to be told that we are herd-minded, a nation of sheep following blindly a leader and frequently a leader whom we do not pick with intelligence and thought. We are like sheep driven as a flock, not like pigs, each of whom must be driven separately.

Mr. Calkins might have carried his delightful little essay one step further. If he is right and he's at least

partly right, how great is the responsibility on the American manufacturer and the advertising agent who helps him to sell his wares!

What is a Snob?



PROFESSOR ROBERT E. ROGERS of Massachusetts Institute of Technology set the world of newspaper readers a-talking by telling the senior class of that in-

stitution that each should "be a snob."

Sermons have been preached at the professor and other professors and commencement speakers have taken him to task, but like most such word storms the trouble seems to be one of definitions.

The dictionary which is nearest us says that a snob is a person "who vulgarly affects gentility or pretends to a superiority he does not possess."

Professor Rogers' snob, judging from the brief account of his speech which lies before us, is not that kind at all. Professor Rogers would have his educated man assert a superiority which he does possess, or ought to possess. Harvard, itself, he cites as an institution which for 200 years has never stopped "putting up a front." But surely Harvard has much upon which to put the front.

If to "speak and act like a gentleman" is a sign of a snob, then let us all be snobs. If college men who seek to take their places in "an aristocracy of trained, organized, fastidious, discriminating leadership" are snobs, then let them all be snobs.

But the trouble, as we have said, is the trouble that underlies most arguments. There is a failure to agree on definitions. Take that word we have just used, "fastidious." Tell a man he's fastidious and he might be offended. Yet the first definition of "fastidious" in that dictionary to which we have just referred is "hard to please," and every man might well be "hard to please" in his choice of his friends, his wife, his books, his play and his work.

So having found out what Professor Rogers means by "snob," let's join him in urging that most college men and more men out of college be snobs.

The Shoe on the Other Foot



TO a successful country store-keeper a manufacturing house wrote somewhat as follows:

"Last year you sold — boxes of our product. On our new increased quota scale, we figure that you should do better next year. In fact, we were a little disappointed with you and your total for this year. We appreciate your efforts but believe they can be increased with profit to all concerned. . . ."

A trifle piqued, the retailer replied:

"As it happens, we have a few shares of stock in your esteemed company. We also notice that in running our store here, we were able to pay a better dividend for the period mentioned than your company did on the aforesaid stock. If you continue to stick to your knitting, we will stick to ours. . . ."



The public no longer fears
the big corporation

Even the Big Can't Stand Alone

By O. H. CHENEY

Vice President, Irving Trust Company, New York

CARTOONS BY ROLLIN KIRBY

WITH a new merger changing the economic skyline of America almost every day, the man in the street may get a little dizzy looking up, but he no longer "views with alarm." The big corporation belongs to the public. In fact, it was only through mergers, when small privately owned businesses were consolidated and stock sold to the public, that many corporations became publicly owned. The economic skyline is inspiring rather than terrifying to the man on the street because he owns the merger skyscrapers

ON EVERY hand mergers are creating new giants in industry, corporations of great wealth and power. The questions are raised, "Are these giants self-sufficient? Are they ending the usefulness of the trade association?"

Here an experienced observer of business trends answers these questions

which stand on the sites of the shacks which he didn't own.

Nor is the man in the low building next to the skyscraper afraid. He is waiting to sell and become a newer and even higher skyscraper of industry. There

is less grumbling among the "little" business men against big business than there was ten or fifteen years ago. When there is grumbling it is of a different tone—because the little man may be a big man tomorrow—at least, there's a hope.

This new era of mergers had to be. It is economic destiny that is making the big businesses of a previous era look like a row of peanut stands. Once mergers began in one industry, mergers had to begin in others. That, too, is economic destiny, because all industry is one in its complex mutual dependence. The industries serving



those in which the merger movement began had to have bigger units to serve the bigger buyers. Even the banks, with their natural and essential conservatism, had to merge so they could be big enough to serve big business.

American business cannot go back, and progress is lined with bigger and bigger structures. But this very inevitability makes care and foresight more necessary. If there is only one way to go, we must be sure that way is made as safe and comfortable as possible.

What are mergers doing for industry? Are they reducing vicious competition? Are they eliminating the waste of duplication and obsolescence? Are they reducing overhead? Are they making production and distribution more efficient? Are they giving the consumer the benefit of reduced prices which result from the economies of larger scale operations?

They are. At least this is true of the great majority of those which have been in effect long enough to show such results. But are these benefits to American business and the American people inherent, automatic, in the merger? Can mergers assure these benefits? The answer to these questions is not in the affirmative. Logical as is the merger, its logic is dependent on the underlying premises of stability in the industry and sound competitive relations between the big units and the small ones. No merger in any industry can achieve its objects if the industry is disorganized or unstable

or if the relations between the big units and their competitors are unsound.

The big corporation is not, of course, a new phenomenon; only the tremendous increase in their number and size in the present merger era has made the problem of the big corporation bigger and more vital to itself and to our economic life. We have had ample opportunity to study the big corporation of the past. A close investigation of 35 big corporations formed by mergers prior to 1903 shows that in only 13 did the average earnings in the following ten years exceed the previous aggregate earnings of the units which were combined.

There may have been a variety of reasons for this significant fact, and we have presumably learned much from experience, so that the young corporate giants of today will probably grow up to be a healthier and more effective lot.

Business becomes civilized

IF THIS prediction is realized, perhaps the most important factor will be that this is in many respects a better world in which to do business than it was in earlier days. It is true that competition is as fierce as it was then—perhaps it is fiercer because we are continually devising new weapons of economic warfare.

But at least some industries are beginning to learn that competition need not be expressed only in blind economic bloodshed. Businesses are learning to

live together and there is probably no industry in the country which has not the rudiments of organization with the potentialities of sane cooperation within competition. The trade association is only a means to an end; no trade organization is good merely because it exists. But in the trade organization business has found the most effective means so far devised for achieving stability and promoting the prosperity of every business man by promoting the prosperity of the whole industry.

Government no help

BUSINESS as a whole is far from realizing in practice this obvious truth and, it must be admitted, the Government has not been helpful. That is why, even if President Hoover's other services could be forgotten, he will at least have made economic history by turning the American people and their representatives toward straighter thinking on cooperation in industry.

The relations between big and little business become more vital every day as the

proportion of industrial volume controlled by big corporations increases. Therefore, there is a new significance in the participation of the big units in their trade associations, which is the fullest and most direct expression of these relations. There is a world of meaning in the fact that the trade organization men were among those who believed first and most ardently that what their industries needed was mergers.

These men see things first. Whatever is happening in industry, whatever is happening in competition, gets to them clearly before it gets to anybody else. When industry is relatively peaceful, they feel its peace; when business descends to cutthroat warfare, they become the innocent bystanders who try to separate the combatants and get it in the neck from both sides. Trade association executives suffer from economic rheumatism—they can feel the rain in their bones before it gets cloudy.

Has the increasing size of corporate units been a good thing for business? Has it tended to reduce competition? Do the "big fellows" realize that their very size imposes obligations to their industry? Are they working for a more intelligent spirit in their industry? Are they better trade association members? Is this merger era the beginning of a new era of commercial peace, industrial efficiency and collective business progress?

These are the questions which I have

been discreetly asking many clear-eyed and straight-spoken business men. Their replies I have been carefully comparing with the views of trade association executives.

Leaders want mergers

MANY of these are the men from whom I heard the oft-repeated, "What this industry needs is a few good mergers." Most are satisfied that they are right. Certainly all but a few of the mergers in industry have worked out well so far. The big corporations have assumed their rightful places in their fields with dignity and decorum. They are cooperating with the other elements in the industry. They are supporting the trade associations. They are doing their share in cleaning up undesirable trade practices.

Among the men who have been most enthusiastic about mergers there are a few who claim to see enough exceptions to be disquieting. In some industries the difficulties have all the appearance of being real. Even in those industries in which the relations between the big and little fellows are at present amiable, the trade association executives are keeping their fingers crossed. What is going to happen when competition gets keener? How pleasant will these relations be should even a slight recession set in and business be harder to get?

Here is a composite picture of possible dangers taken from actual conditions in

more than 30 widely different fields of business, including manufacturing, wholesaling and retailing. Perhaps it might better be considered a chart of reefs and shoals compiled by a number of good business pilots from their own observations. But whatever we call it, we must study it. We cannot afford to turn away because we cannot afford to tolerate anything remotely resembling a potential handicap to the success of the big corporations which have become so essential in our economic existence.

Take the Universal Consolidated Mothballs Corporation and American Gadgets, Inc., as a contrast. The former came into existence rather calmly. The prime movers in the merger had known each other for many years. They were pioneers in the mothball industry. They were getting on in years and some of their partners had passed on. They knew each other's business and they put together a logical combination based on real values. They stayed in the business. They remained active in their association as they had always been. They had the respect of everybody in the industry; even the newcomers liked them and accepted the industry's tradition of looking up to them.

Hadn't they fought for the industry from the very beginning, tariff fights, freight rate fights, prospecting for new sources of materials? Hadn't they thrown their best patents into the pool for cross-licensing? Hadn't they started the credit

bureau and the statistical bureau? Hadn't they bought out poor Bill Gunzell at a good price when he was sick and his plant was going to the dogs, rather than let him crash and then buy him at auction? That's why, when one of the newer men tried any new-fangled deals with distributors, they had to say only a few words to him and he would see the light.

But American Gadgets, Inc., is different. It may be considered typical of the relatively few mergers which always appear during a merger era. It was made, not born. It was synthesized by a promoter and an investment banking house with an idea that "something might be done" in the gadget industry.

A synthetic merger

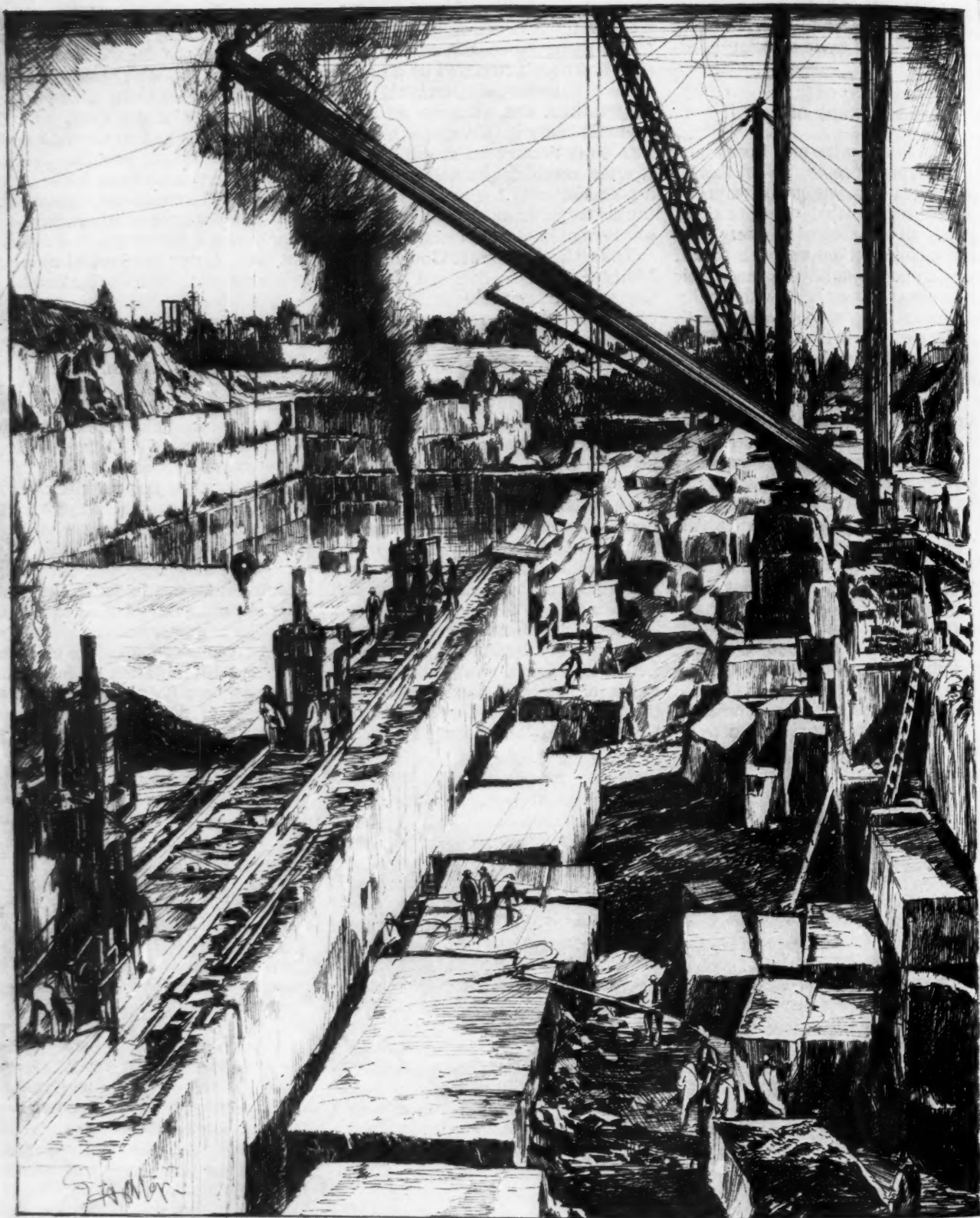
THEY GOT a list of plants and wrangled a lot of free information out of the American Institute of Gadget Blowers. They got options and were liberal to everybody in handing out stock. Those who "sold" have gotten out of business and some are starting new gadget plants in other parts of the country.

High-pressure sales and advertising executives are out to make the world painfully conscious of American Gadgets. The promoter and the investment banking house and a couple of others that had to be taken in for stock-selling help are heavily represented on the board of directors; the promoter

(Continued on page 90)



Sometimes the big fellow on the business sand lot is a bully but everybody will have more fun if he plays the game with the little fellow

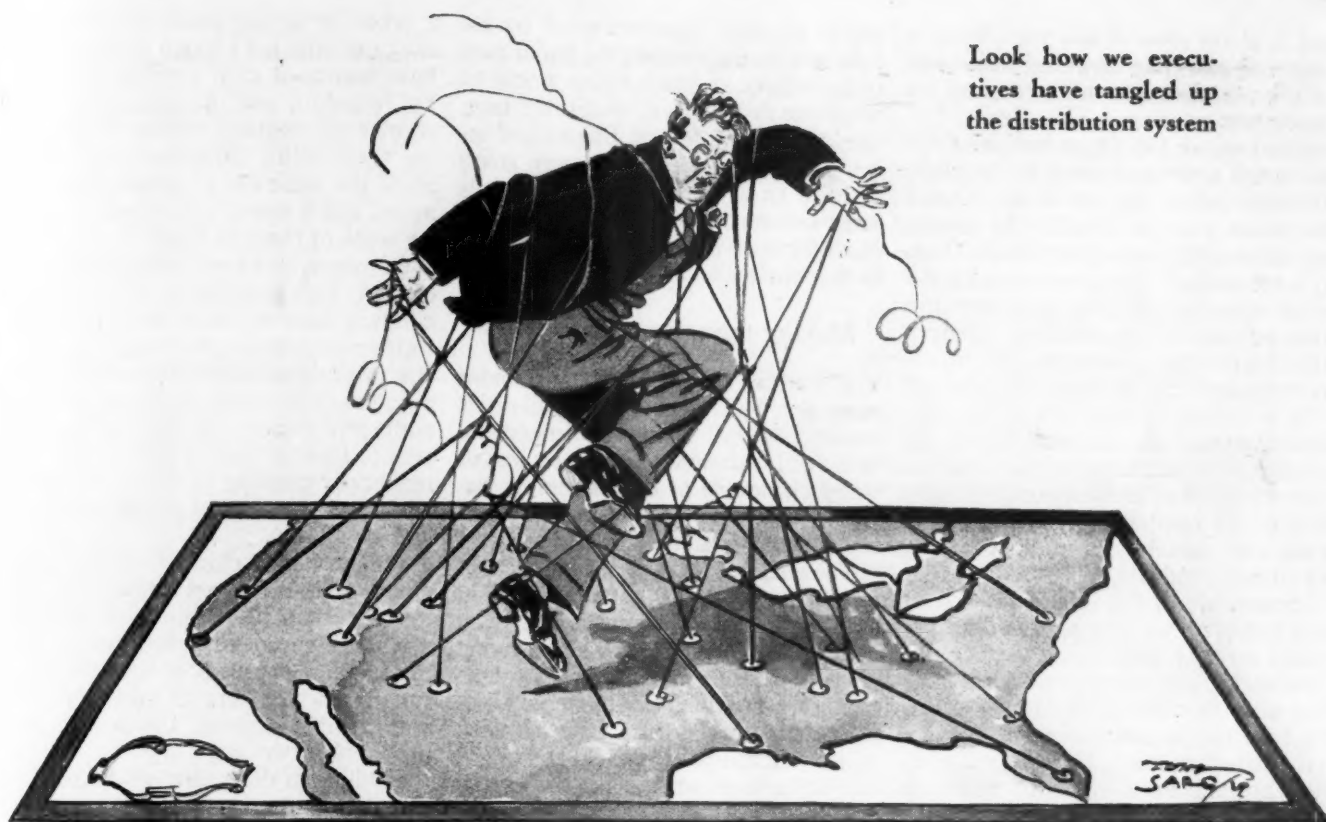


Carving Out Stone for the New Temple of Commerce—By Earl Horter

NEARLY 1,500 car loads of cut stone—the contract for which is the largest of its kind ever awarded in this country—are being taken from this and other quarries of the Indiana Limestone Company at Bedford, Ind., for the new Department of Commerce Building in Washington, D. C. Some 200 car loads of stone will be required for the columns alone of the great building. Steam channeling ma-

chines here are cutting down through a ledge. This completed, the eighty-foot cut of stone is pulled over on its side and cut into mill blocks, as in the central foreground. In the Bedford cutting mills each stone is numbered to correspond with a similar number in the setting plans, thus locating every piece in its position and insuring that the stones will fit exactly in the walls of the building

Look how we executives have tangled up the distribution system



Do We Executives Earn Our Pay?

By C. D. GARRETSON

President, Electric Hose and Rubber Company

ILLUSTRATIONS BY TONY SARG

EVERY manufacturing concern, I am convinced, would profit substantially by carefully inventorying the decisions of its executive officers and setting down the costly blunders and mistakes against the profitable judgments. I believe as firmly that if such a checking up were made generally it would show that a great many, perhaps a majority, of us high priced executives are drawing salaries we do not earn—really accepting money under false pretenses.

We industrial officials—advertising directors, sales and general managers, financial executives, presidents and others—are paid well for our supposed possession of that superior judgment which is the result of long experience. We accept salaries that range into five figures for our assumed ability to utilize the equipment and manage the organizations of our companies in a manner that will produce profits for those who, believing that we are able to accomplish what we

are paid to do, invest in the stocks of our companies.

Evidently, our employers think we earn our salaries; but when we take even a casual inventory of the incredible things we do, we may well wonder how a lot of us ever landed our jobs in the first place, and how in the world we hang onto them as long as we do.

No alibis for workmen

IF a workman in the factory drops a tool into a costly machine, we usually do not stop to inquire as to the particulars before firing him. If it was an accident, then the workman is too careless to have about. But it may be that the man was suffering from a curiosity complex, and impulsively dropped the tool just to find out what would happen. In this case, it is likely he would profit by his experience, never repeat the experiment, and become a careful and valuable workman; but we usually accept no alibi

whatever, and the foreman turns him out.

About the same time, it is possible that an executive of the same company will throw a metaphorical monkey-wrench, in the form of a blundering decision, into the distributive machinery of his company, and cause a loss of \$1,000 for every dollar of expense due to the workman's carelessness. It is most likely that it will not be a new blunder with the executive, as it was with the workman, but one that he has committed many times before.

Strangely, we executives seem to be unable to profit by experience after we land our jobs, and in this case it is probable that the executive will look wise and explain the results of his disastrous judgment by charging them to "unprecedented competitive conditions" or "the unusually demoralized state of general distribution," and his alibi will be accepted. Furthermore, as likely as not, he will ask for a raise in salary and

get it at the close of the year. When a traveling salesman, however, makes one of the mistakes it is quite common for executives to commit, nine times out of ten he loses his job. Or, at least, an executive will order him home to the office, threaten to fire him, and scold him until he shows enough humility to assure against a repetition of the mistake. Then, it is not unlikely, the same executive will slash prices on occasion, make promises that he cannot keep, or break promises that his company has made, and we accept his activities as a matter of course. The only difference in the results produced is that the salesman's mistake confuses one small territory, while the executive's blunder loses money in every one of his company's territories, as a rule, and demoralizes the distribution of an entire industry.

Something of the kind happened in our industry not long ago. For several years we have been trying to place our wholesale distributors on an equal footing with the mail-order houses by trying to convince manufacturers not to discriminate in prices in favor of the latter. By this simple and legitimate means we hoped to eliminate one of the costliest evils of our distribution; but an executive of a large manufacturer called on one of the country's largest so-called mass buyers, and obtained a large order at a very low price. Probably this executive thought the loss on the mass order

would be more than recovered by his company through selling the major part of its volume at much higher prices to wholesale distributors, which had been the case for many years. But we had assured the wholesalers they were going to have an even break with the mail-order houses. There was nothing to do, in all fairness, but offer the same price to the wholesalers.

Making the same old blunders

THIS means that the executive under discussion had to offer the mail-order concession to all the wholesalers on the books of his company, causing a loss of many thousands of dollars simply because he brought about a condition he is paid a large annual salary to prevent.

The amazing thing about blunders of this kind (and they have occurred in many other industries in the last year) is their repetition. For years, the giving of concessions to mass buyers has done more than anything else to create losses and demoralize the distribution of goods. Any bright fourteen-year-old boy or girl can understand why this is so, for the economic principle involved is simple in its application.

Nevertheless, the principle has been violated year after year by a number of high-salaried executives. To obtain an extra volume at a loss, under the apparent fallacy that they can somehow show

a profit by selling goods below cost if they can only sell enough of them, they have increased their expense of selling by retarding and handicapping their regular distribution, besides demoralizing their entire industries. They have made the same old mistakes again and again, and it seems as if it is impossible for some of them to break the habit.

Of course, we executives must do a lot of cool, logical thinking while we are climbing up or we would never reach the top or near the top, of our organizations. But just as soon as we get our feet under a fine desk in a private office with our name on the door, a good many of us appear to lose our mental control and surrender our thinking to emotional inhibitions and the animal instincts of fear and greed.

We are highly paid for our supposed ability to think things through, to protect our companies against false policies and those expedients which are glittering in their promises of immediate results but which conceal future hazards and possible disaster. Given a certain proposition, we are supposed to have the ability to determine with a reasonable degree of accuracy what its results will be three, five or ten years hence. We are paid exceedingly well, not only to manage the affairs of our companies in a profitable manner, but to build our business structures solidly and to assure a continuation of profits for many years to come.

To determine just about how we fail to fulfill these expectations, it is only necessary to observe the havoc resulting from our blunders throughout our system of distribution. The time has come, I feel sure, for us to abandon our alibis and, each for himself, turn the searchlight of inquiry on his own thinking and activities.

Anyone can lose money

IT IS frequently said that anyone can sell goods at a loss, and that the first requisite of salesmanship is the ability to sell goods at a profit. Certainly a manufacturing concern does not have to employ high-salaried executives to sell its products at or below cost. With this obvious truth in mind, please consider the following experience:

Recently I received a letter from a well-paid executive of one of the large producers in our industry. Several years ago, this company, mine and some others agreed to sell our goods at certain prices in one of our large foreign territories, which is customary and legitimate in the country concerned. The agreement has been an advantage to all of us, and because of it we



Pretty soon boards of directors, prodded by stockholders, are going to turn the spotlight on the causes of profitless prosperity

have been able to compete successfully with all foreign manufacturers and build up a profitable business.

Now, however, my executive friend writes to explain that a new foreign competitor has started to manufacture and is selling at lower prices than those upon which we agreed. Therefore he wishes to have his company withdraw from the agreement, without first exhausting every means of trying to get the newcomer to see the error of his way.

A little thinking would help

NOW, the only trouble with this man is that he has failed to think, and in failing to think I believe that we executives fail to earn our salaries. He has not thought of the fact that there has not been a time since we began selling in the foreign territory that some foreign competitor has not undersold our agreed prices. He has not paused to think that the newcomer is only a shade lower in price, and that because of this and other reasons we have been and will be able to obtain our share of the business.

He has not thought beyond his own selfish interests and has decided that his company is not getting enough business in the territory. So he is going to withdraw from his friends and conduct a little freelance warfare with cut prices as his weapons, all in the expectation of gaining—what? I confess I do not know.

But I do know just what the outcome will be, and it is interesting to consider because of the light it throws on all that his company receives in return for its investment in the executive's salary.

The truth is that the company's relative position as to volume sold in the territory will remain almost exactly as it is now. It is probable that the foreign competitor will promptly lower his prices, and continue to undersell all of us. The other American companies will have to meet the cut price of their direct competitor, the executive's concern, to protect their business already established, in the hope of a saner and profitable season some time in the future.

As the outcome lines up, we find that the decision of the executive, as explained by his letter, cannot gain anything for his company, and that it will lose a great deal. After he cuts his prices he will sell the same volume that he is now selling, but he will sell it without profit. His decision will cost his company a lot of money, and it will turn a profitable territory into an unprofitable field not only for himself, but for all the rest of us, to the injury and discouragement of American exporting. And this man is considered to be an able executive. For the life of me, considering how frequently blunders of this kind are committed, I don't understand how we get away with it, nor where some of us find the nerve to draw our salaries.

The fear of competition and the ungovernable desire to obtain large volume

«A majority of highly paid executives are drawing salaries they do not earn.» That is the opinion of one of them who tells in this article why he believes this is so and what he thinks will come of it



at any cost appear to incapacitate us at times and cause us to do some strange and costly things. Not long ago, for example, my company received from an industrial concern the specifications for a large order of special hose, with a request for a bid. We knew that a certain competitor had also been asked to bid on the goods.

When we examined the specifications we found that, due to several discrepancies, it would be impossible to produce the hose as specified. We promptly notified the concern of what we had found, suggested remedies, and advised that we would be glad to submit our bid as soon as they corrected the specifications. Also we sent our competitor a complete report of what we had done.

Letting the factory worry

SEVERAL days later we received a reply from an executive official of our competitor saying that he saw no reason for requesting a change in the specifications, and that he was entering the bid of his company. He further wrote that if there were any discrepancies the factory would take care of them and he did not consider them any of his business.

Well, this executive landed the order for his company at a price that could not possibly show a profit, according to our estimate. The order went through the routine, and the factory did its best and approximated the specifications as closely as possible. When 25,000 feet of

hose were produced it was found that the industrial concern would not accept the production because it was not up to specifications. Then the subject of the discrepancies was taken up by the executive with the concern and the changes we had formerly suggested were made.

Of course, I do not know the actual loss sustained by our competitor in this instance; but a rough estimate indicates that it represents half the cost of the goods, a substantial sum of money, and during the last year I have heard of many losses due to similar causes.

Usually, we dismiss the subject with the remark that "somebody" must pay the losses in business, and that they are eventually paid by the public. In cases of this kind, however, they reach a select class of the public rather promptly, for the "somebody" who pays the losses due to our executive blunders is the stockholders of our companies. Hence, I've been wondering lately how great the economies would be, and how much more our dividends would amount to, if companies could find some means of eliminating the uneconomic thinking of their executives.

You don't have to look very far to find highly paid executives making costly blunders by the wholesale. For example, consider the practice of reciprocity buying. It is now the policy of many of our industrial companies, some of them the largest and most influential in the country, and its development constitutes one

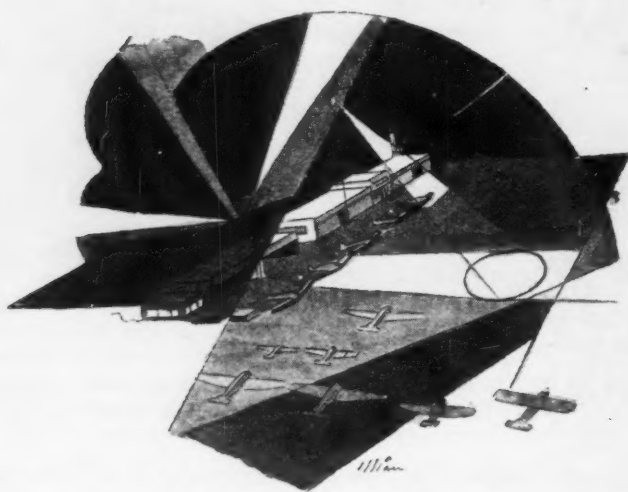
(Continued on page 93)

What the Auto Industry Thinks of Flying

By EDWARD S. JORDAN

President, Jordan Motor Company

DECORATIONS BY GEORGE ILLIAN



ANY thoughtful man who has passed the age of 40 will tell you that the bicycle broke down the barriers between the east and west side of the small town in which he lived. That vehicle established local contacts between small boys, previously natural enemies. They no longer threw rocks at each other.

The automobile eliminated the borders between states and helped to create a nation, divided politically into 48 commonwealths, but united in spirit. The man from Maine who drove his car to California discovered that the man in Texas no longer carried a gun.

Thus will the airplane break down the barriers between nations and continents, and remove the obstacles of language, religion and suspicion in trade rivalry. Transportation and communication are the great agents of understanding.

Now that the rising generation has become air conscious the men who built up the automobile industry are constantly asked significant and thought-compelling questions regarding the relationship between their own business and their new companion industry.

What can the pioneer airplane manufacturer learn from the automobile in-

WHAT will the aviation industry do to the automobile? Will these youngest of transportation mediums be hated rivals or helpful companions?

Here is a definite answer to these questions by a man who, in addition to heading a motor company, is a director of the Great Lakes Aircraft Corporation

dustry? How will the use of planes affect the use of motor cars? Will as much money be made in the new business as was made in the old? Will airplanes ever be sold in quantity to individuals? Will the production mount as rapidly as that of the automobile?

The answers, to be understood, require a brief review of facts all grounded in the simple fundamentals of the great business of transportation.

The progress of the world can be measured fairly well in terms of the reduction in the cost per ton mile in transportation and the speed at which we travel.

The first farmer early discovered that the cost of carrying his produce to the

market on his back was too great. He invented the wheel to widen the radius of his market and reduce his cost per ton mile. This broadened his contacts, increased his volume, reduced his overhead and brought profit. As his prosperity increased he gave a share to the building of schools, churches, libraries and art galleries. The history of civilization is the story of the application of power to the wheel and now it is applied to wings.

Britain long ruled the sea because she had the lowest cost in transportation.

In America the steamboat, the Conestoga wagon, the railroad and motor car combined to bring about the development of the most powerful nation on the face of the earth.

All this happened in scarcely more than 100 years. Cities grew where the cost per ton mile was the lowest.

Now we are entering the newest, most dramatic phase of this civilizing process. Millions of boys and girls, fired by the undercurrent of patriotism which is carrying the industry along, are educating themselves to make the airplane the greatest force for promoting understanding that the world has ever known.

With these observations before us we may analyze the present status of the airplane industry in terms of the experi-



As the auto broke down the barriers between states, the airplane will shatter barriers between continents

ence of the automobile manufacturers.

Four fundamentals are necessary to the development of any industry—men, money, merchandise, and market.

Man power is growing

THE MAN power behind the airplane industry is still limited but is developing rapidly. Men with extraordinary ability and experience, most of which was acquired during the war, are available for the highly technical work of designing complete planes, while the automobile industry has contributed much experience in the design of motors.

Money in unlimited quantities seems to be available, as the public seems quite ready to invest in any attractive airplane development.

Merchandise, or the product, is rapidly advancing from the experimental stage into the production period.

The market will be subject to certain limitations differing somewhat from those which affected the automobile business.

Man power on the ground, or designing ability, is not too plentiful, but man power in the air is still very scarce.

This scarcity is partly the result of wise government regulations which insist that the aviator who carries passengers for pay shall know his business. A

flier, to be granted a transport pilot's license, must have 200 hours solo time in the air—that is, 200 hours handling a ship himself. Only a transport pilot can carry passengers for pay across state boundaries. A man with 50 hours solo may carry passengers for pay if he takes off and lands from the same field or he may carry freight any place. A man with ten solo hours and a private license may carry any one who will ride with him for fun but he can do no commercial flying.

Thus the qualifications for operating an airplane are vastly different from those required to operate a motor car. You cannot take a chauffeur and immediately make a pilot of him as you made a chauffeur out of your coachman. However, many schools are beginning to instruct men in the science of aviation. The courses in the best are similar to those of the Army and Navy. Such a course, fitting the graduate to meet the requirements of the Army and Navy, would cost from \$5,000 to \$7,000. The Government, it has been estimated spends, including all

overhead, about \$82,000 to produce a finished pilot.

Man power in the air, therefore, will be slow in development.

Money for the development of airplanes will not be difficult to obtain. There will be no such struggle for capital as Henry Ford and his contemporaries experienced 25 years ago. Today a vast number of people seem ready to buy almost any airplane stock that is offered, yet the possibilities of permanent profit, except for a few well organized companies, are still quite remote.

Another limitation is revealed when we compare the present status of the airplane industry with that of the motor car in its earlier days. The development of satisfactory motors has been rapid from the standpoint of design, but slow in approaching commercial volume.

While it does not require much time, nor is it extremely difficult to build a plane that will fly, since all the simpler problems relating to materials and fabrications are fairly well known, the production of motors has been limited and the cost high. The imme-



diate future of the industry, therefore, depends in a measure on the success of the motor manufacturers in developing new production types of motors on a commercial basis.

Engine costs may drop

WHILE motor car manufacturers feel that there is no reason why an aircraft engine should cost a great deal more than a first class automobile engine, there are certain requirements in the aircraft motor which are not so necessary in the automobile power plant. A considerably higher degree of accuracy has been the aim of the airplane motor manufacturer, and the necessity of using more expensive materials has heightened the cost, yet there are men who feel that the present high costs are largely due to limited volume and the cost of frequent changes in design.

There is still another limitation. The airplane motor cannot be delivered to the aircraft manufacturer in the same condition that ordinary motors have been delivered to automobile manufacturers. The motor that is placed in a plane must be ready to run to the limit of its capacity. The pilot will not have an opportunity to fly his engine at 20 miles an hour for 500 miles. The airplane engine must be ready for maximum performance, if necessary, in the first flight.

Two impressive facts will be of great influence in the rapid development of the airplane business. One is that the Government will determine definitely, through specifications and constant checking, when a plane is properly designed and in condition to leave the ground. It will not be left to the individual manufacturer or operator to determine that for himself.

Secondly, the Government may specify the number, location and character of landing fields. In this particular the

airplane industry will move forward much more rapidly than the automobile business. Thirty years were required to bring about the construction of any really adequate highways in America. Yet that movement is just beginning.

The airplane industry has the support and cooperation of the United States Government. Proper landing fields, which are most necessary for the growth of the business, will eventually, in my opinion, be constructed under government specifications. The time may come when Washington will send out an order, requiring every county in the United States to provide a suitable landing field for planes, and to have it ready within 90 days.

Many airports now being developed throughout the country are frequently designed without complete understanding of the needs of the new transportation.

An addition, not a rival

THE AIRPLANE will not replace the automobile, nor will it seriously affect the sale of motor cars and their use. It will merely supplement all other forms of transportation. It will play a most important part because there are definite economic reasons for its use.

The time-saving advantage is always thrilling. Consider what a day's work a Chicago man could do if he decided to spend 30 minutes with his representative in each of nine different cities. He could, under favorable conditions spend 30 minutes in Indianapolis, Cincinnati, Dayton, Toledo, Detroit, Pontiac, Flint, Lansing, and Jackson, leaving Chicago at 6 a. m. and returning home by 6:30 in the evening.

Who will buy the planes as they are manufactured, and how intensive will the market be?

It is certain that the unit volume will not increase at the same pace as in the

automobile industry simply because there will not be so many people to operate them—nor will there be as many people able to maintain them.

The Government is now and will continue to be the most important customer for the larger units. Mail planes will carry the mail to every nook and corner of the continent and abroad. Army and Navy planes will be developed to a high peak of perfection. Railroad companies, oil companies and other large corporations whose business extends over a wide area are already providing ships for carrying smaller freight and transporting their executives.

History provides an adage

AT PRESENT there is a wide demand for training ships for use in schools where young men and many young women are taking flying lessons. The same planes may be used for sight-seeing trips, photographic work and advertising purposes, but the number of individual owners who operate their own planes will increase slowly. In other words, the statement made about the automobile industry in the beginning—that only a rich man could own one—will be more true of the airplane.

The average first cost of a plane that would be satisfactory to a business man might be about \$10,000. If he engaged a pilot, a good one would perhaps cost him \$10,000 a year. Then he would require a hangar, if he had his own field, or if not it would be necessary to keep the ship in an airport.

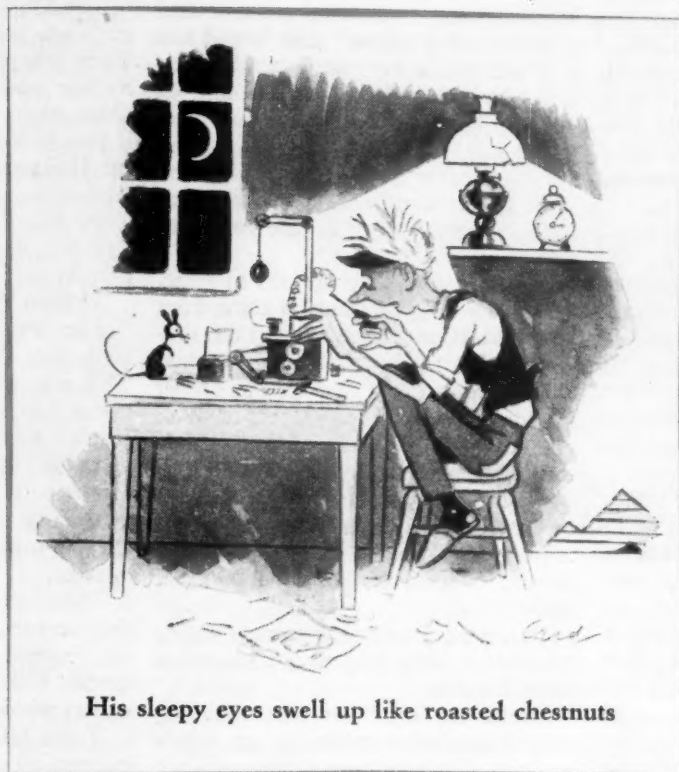
Many individual pilots are buying planes for themselves or joining with a group of friends in the purchase, but it will be many years before the number of individually operated planes begins to approach the number of individually operated motor cars.

There are certain things that the air-
(Continued on page 116)



The airplane will not replace the auto, it will merely supplement all other forms of transportation

So This is America!



Hands, tools and head—a combination
in this country that's hard to beat

By Herbert Corey

CARTOONS BY CARD

HANDS, and tools, and brains, the unbeatable combination. Better than inherited monies, dukes' daughters, treasure finding and revolutions in jungles. They bring home the American bacon. Tomorrow's diamond tiaras (or the wherewithal to buy them), are being fabricated right now in greasy little alley work-shops. At this moment the man who will be the kingpin of tomorrow's industry may be frowning at his wife.

"Wait a minute, dear," she says. "There's a button coming off your overalls."

"Shucks," says the heir apparent. "Don't bother me about buttons. Who

the heck cares about buttons? That thing don't tick."

So he hurries to his bench and works on it. If it does not tick he goes back that night and works some more. Presently he gets so sleepy that his flesh burns and his eyes swell up like roasted chestnuts. Then he goes home and rests a little between worries over the new gadget. His wife is there to cosset him.

That's a funny thing about these men who whack their way through to fame and fortune with a hammer in one hand and a monkey wrench in the other. Their women folk do not seem a bit more concerned over the money than they are themselves. Look up the records and convince yourself. George Eastman tells a story that illustrates this.

"One day I came home to my mother,"

he says, "all lighted up with pride. I had something big to tell her.

"'Mother,' I said, 'this is a great day. At last I have \$1,000,000 in bank. All my own.'"

"'Well' said she, 'that's nice.'"

"That's the last time she ever mentioned it. I don't believe she ever thought of it again."

The fact is that dollars do not count for too much in America. They count for everything with some people, of course. They do not ring unduly loud in other ears. The big jobs are not done for money. They are done for the job. Did Henry Ford ever look far enough into the future to see himself as a billionaire? You know he didn't. Even after he had won real success he thought of selling out and buying a farm. No one who wants to buy a farm has a severe attack of money mania.

Jim and Henry were poor

AFTER the Ford company was well on its feet and a true prophet might have seen 7,000 flivvers a day rolling off the assembly line—except that there were no true prophets around—the few

prophets who were around figured that a bear would catch Henry before long. Ford and Couzens talked finances one day:

"Jim," said Henry, "how much can we make those fellows pay us?"

Probably he felt a bit sheepish about it. Maybe he feared he was taking a mean advantage of "those fellows" to whom he was to repay dollars by thousands of dollars. But business is business, you know. Henry, the inventor, finally made a stab for \$3,000 a year and Jim, the bookkeeper, asked for \$2,500. They would, of course, have compromised for less money, cash.

It isn't much of a story and it is old at that, but it proves the point. The big jobs are not done for money. They are done by men who fall in love with them and cannot sleep nights and get half sick when a bearing burns out. By and by they wake up to find themselves famous. Rich, too, like as not. Success is a simple thing, after all. It's just like that.

A friend thinks I am silly for saying these things. He is so successful that he would hardly nod to the Prince of Wales. Or he thinks of himself as successful. He has millions of money. He has a park so large he could get lost in it except that he is afraid to go out in it alone. A buck deer might hook him from behind.

He has some bad habits and the most superbly documented case of insomnia east of the Alleghanies and ticker eyes. Once he was glad to see his friends. Now they are admitted to an office that has that fine, homey effect achieved

by the decorators of movie palaces. No matter who they may be or how long he has known them he has one formula of greeting, "Well" he says, "and what do you want?"

He did things then

HE WAS more successful when he had \$20,000 and a product that would not sell and which he was determined to sell if he had to throw us down and sit on our heads. More successful from where I sit, that is. He was doing something. Getting somewhere. When he went to gambling and began to store away his money in piles he began to fail.

This is not an original idea of mine. I have no original ideas. It came from Jakey Field, who accumulated ten dollars by the most sacrificial self-denial when he was a boy, and died as one of the most successful speculators on Wall street. He was a member of the Waldorf crowd when John W. Gates would bet-you-a-million there.

"There are 120 millionaires in the hotel today," said a clerk one day to Jakey. "Think of that! One hundred and twenty."

The clerk intoned reverence. Jakey grinned. Jakey's grin would irritate a brass Buddha.

"Look at 'em," he said. "Sitting around the lobby waiting for an artery to burst. They've been dead ever since they got rich."

Does this sound like a page from an old-fashioned copybook? A slice from Samuel Smiles? A throwback to our prosaic dads? Well, their old theories are still sound. It is not a condition essential to success that a man shall begin active life with corns on his hands and dirt under his fingernails.

The Duponts and Mellons and Morgans are proofs against such a theory. They inherited money and made more money and won places that millions alone could not have gotten them. But if you look about you will be surprised by the percentage of today's leaders who once handled Stilson wrenches. They may lunch on goose *Toulouse* today, but it isn't so long ago when they carried pie in their dinner buckets.

There's that story about Ford—

I know one story about Ford has been told. But Ford rates several stories. This one was told by H. H. Kohlsaat about the time that he hunted for a feature which would attract a needed attention to the *Chicago Times-Herald*. Eventually he offered a \$25,000 prize to the first motor car which would make the 50 mile circuit of Chicago's park system.

Three attempts were made. The first day no car started. The second day no car finished. The third day one car got across the finish line and died. The others were lost.

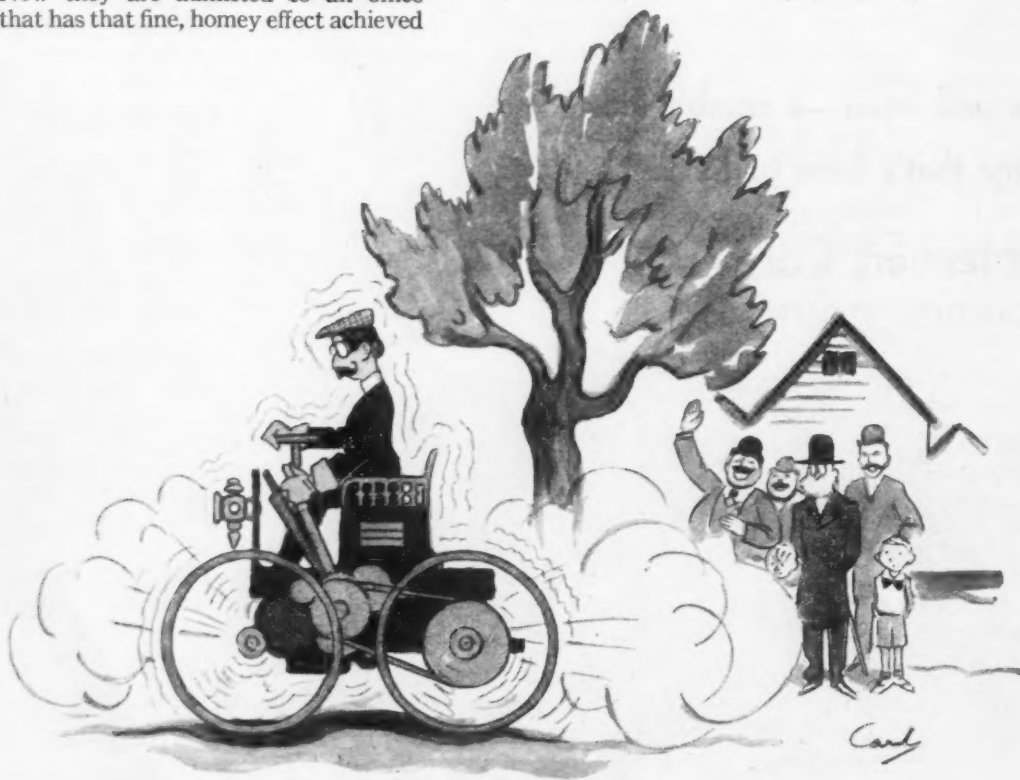
Years later Kohlsaat came across a copy of a booklet he had written in celebration of this event and sent it to Ford.

"I am mighty glad to get it," Ford told him later. "You know, when that race was to be run I went to the foreman of the Milwaukee shop where I was at work.

Free advice

"I WANT to borrow \$25," I told him. 'I want to see that race more than anything in the world.' The foreman barked at me, 'I'll not loan you no \$25, Henry,' said he. 'Not for no such tom fool thing as that. But I'll do better'n that by you. I'll tell you something that's worth a sight more than \$25 to you. If you don't brace up and quit fiddling with that newfangled contraption of your's, you're going to git fired.'"

Perhaps, this land being what it is, the number of industrial leaders who began with two hands and a head is not a phenomenon. Perhaps it is merely normal. Yet as a person who is



Lawmakers drove the first automobile out of England, then we got interested. A horseless carriage was so ridiculous no lawmakers bothered it here

a fairly good American except on income tax day and election day and other national festivals I am obliged to point out that other countries had about the same chance our country had.

They had the same chance first in many instances. Yet they did not do so well with it. Perhaps they made the mistake of high-hatting the horny-handed. No decision is being rendered here. Too many factors are to be considered. I'll merely tell a story.

George Eastman was a bank clerk in Rochester. When he was 20 years old he was making \$800 a year. When he was 27 he had saved \$7,000, and if any one thinks that did not require self-denial to the point of grouching that person is urged to consult other bank clerks. He had no particular plans ahead. Nothing had dawned for him. That seems to be a peculiarity of these men who make things. They go along—and go along—and all at once they fall in love with something and forget everything else. Perhaps the point is being labored, but it is worth repeating that it is not money they fall in love with. Not then, at least.

"Let us take a vacation trip to San Domingo," said a friend.

Vacation land and cameras

THAT suited Eastman. He had been working pretty hard and not having much fun. San Domingo was reputed to be filled with glorious natural features which would extend and enlarge the mind of the visitor. Another bank clerk suggested that he buy a camera and take it along. He bought one.

There is a story that it was the only one in Rochester and that the seller declared a holiday in thanksgiving when he sold it. Then Eastman paid an amateur five dollars to teach him how to manage the contraption. Mark that. It is important. There were no push the button short cuts in those days.

Photographers then used wet plates and Eastman bought some. Commander Byrd had fewer technical difficulties in getting ready for the Antarctic than Eastman had as a wet-plater. He gave up the idea of visiting San Domingo. At intervals during his vacation he would pop briefly into the open air, tear his hair a little bit, and submerge again in the darkroom. Dry plates were then being made in England. He got some and read up on dry plates and determined to make some for himself. They could not be worse than his wet plates.

He practically stopped sleeping. Night after night he worked in his darkroom, emerging at dawn for a wink or two before gulping his coffee and starting for the bank. After a time he systematized his sleeplessness. By staying in bed from Saturday night to Monday morning, with three hazy interludes for food, he could do almost without sleep for the remainder of the week. In two



"Look at them sitting around the lobby waiting for an artery to burst. They've been that way ever since they got so rich"

years he was able to produce dry plates that worked. Then he quit the bank and plunged with what was left of his \$7,000 in a two-man plant for making dry plates.

Edison sent him a \$2.50 money order some time later for a 50 foot strip of his new motion picture film. When Eastman retired not long ago he had given away \$60,000,000 and had 20,000 people working for him. This is only collaterally interesting, for I am writing a story of achievement and not of money. Still \$60,000,000 given away commands respect.

Maybe there isn't as much money in the dam business as in photography. Certainly the per family average of dams is not high. In any case I have no report on the finances of Col. Hugh Lincoln Cooper and am not interested in them, but only in two facts about him. The first is that he is one of the greatest hydroelectric engineers in the world. He built the Mississippi River dam at Keokuk which was the first to harness a big, mean, slow stream for electrical generation and which marked a revolution in practice.

The second fact is that he began with his hands. His head, too, of course. No one backed him except himself.

The story of Cooper's success runs curiously parallel to that of Samuel Vauclain, except that Vauclain thought in terms of locomotives and Cooper loved running water. Vauclain's earliest memories are of his dressed up Sunday walks to the roundhouse with his father. He became a mechanic naturally. Other mechanics objected to the huge amount and excellent quality of the work he did at the set daily rate. A locomotive is to Vauclain the most glorious object

that ever brightened the eyes of man. That is what a dam looks like to Cooper.

"That bridge has washed out again," said his father one morning on his Minnesota farm. No bad language. No surprise. The bridge was always washing out. Farm conditions and materials being what they are, he never expected it to stay in. But Hugh Lincoln went into the pasture and made that bridge behave.

Hunted bridges to build

THERE were no other bridges to build around there and Hugh Lincoln had discovered his vocation. So he ran away to find places where bridges might be built. For seven years he worked at bridge building, first as laborer and then as boss and then as foreman.

By this time he had learned a good deal about water. He saw that it must work harder in the future than it had in the past, and went to the president of a company in Dayton which made most of this country's water wheels.

"I want a job," he said.

"There are no jobs," said the president.

"I'm going down to the plant to work for you tomorrow morning," said Hugh Lincoln Cooper. "No pay, of course. I want to find out about water wheels."

No president would overlook that sort of a bargain, of course. At the end of a year the company hired him and Cooper fixed the salary. Then there was hardly such a thing as a profession of hydroelectric engineering. Since then Cooper has put a plant under Niagara and helped make the Tennessee River work

(Continued on page 144)

I'm for the «Lame-Duck» Session

By JOHN Q. TILSON

Majority Leader, House of Representatives

A "LAME DUCK" in the congressional sense is a member of the House or Senate who has failed to be re-elected. For this reason the meeting of Congress which runs from the December after each biennial election to the following March 4, when the new term begins, is known as the "lame-duck" session.

Each two years, during this three months' period, a considerable number of senators and representatives who were defeated in the November elections continue to influence legislation and during the same period a "lame-duck" President sometimes controls the executive functions of the Government.

Seventy times since the Government first began to operate under the Constitution the nation has successfully sustained this biennial shock to its democratic institutions. But ever since I have been a member of Congress, and my service covers 20 years, the cry has repeatedly been raised that this supposed defect in our system of government is a menace to our country.

The thought that for even a few months a group of "repudiated politicians," as they are sometimes termed, should continue to vote on legislation fills some of our statesmen with alarm. They contend that the Constitution should be amended so that the President, the Vice President and members of Congress should take office immediately after election. They wish "lame ducks" to die a quick rather than a lingering death.

I have never been able to get excited over the dangers that might befall the country through the "lame-duck" session. Perhaps this is partly because I have been a "lame duck" myself and have shared that distinction with such respectable company as Nick Longworth, the late Champ Clark, "Uncle Joe" Cannon and a dozen or more others who have some claim to patriotism and fame.

Proposals are now being pushed to change the Constitution with respect to presidential and congressional terms, and a strong popular sentiment has apparently been built up in favor of such a change, as provided in the so-called Norris amendment, which was debated in the last Congress and will undoubtedly come up again in the present one.

As I believe there is no real danger in continuing the system which has been

handed down to us by the fathers of the nation and that there is a very real danger in further tampering with the Constitution I am unalterably opposed to these proposals and believe that the time has come when the public should be made to see the difficulties which might arise from changes of this character.

Fears are ungrounded

THERE ARE some who honestly believe that the new Congress should be convened as soon as possible after a general election so that all the various things promised or talked about during the campaign may be immediately enacted into law. They believe that there is a

real danger to the country in permitting defeated office holders to continue to run the Government for even three months.

I do not agree with either of these propositions, but even if they were well founded, a substantial part of what is desired can be accomplished without changing the Constitution. If we must experiment let us do it by statute rather than constitutional amendment.

It seems to be little understood that under the Constitution as it now stands Congress may meet within four months after the election and that the old Congress need not meet again, except for a single day every four years to canvass the electoral vote for President and Vice President. The Constitution gives Con-

(Continued on page 104)



JOHN Q. TILSON

UNDERWOOD AND UNDERWOOD

FOR MORE than twenty years there has been an almost constant cry that the «lame-duck» session of Congress, in which serve men who have been defeated at the polls, is a menace to the country.

Here, however, is a veteran legislator who not only refuses to be alarmed at this condition but sees a real danger in trying to change it



The Battle of the Booksellers

By JOHN VAN BIBBER

WOODCUTS BY HARRY CIMINO

THE book publishing business in the United States is passing through a period of commercial evolution which is threatening the supremacy of some of the older and more conservative houses and bringing to the fore a group of young men who have entered the trade in the past five years.

Other industries have passed through similar stages of readjustment without serious consequences but the publishing business is so rooted in tradition and so firmly imbedded in precedent that any departure from the established order is sufficient to cause tremors and percussions in the various editorial sanctums.

The American public consumes approximately 40 million volumes of fiction, travel and biography every year, and it is in this field of general literature that the younger publishers are making their strongest bid for leadership.

For decades a comparatively small group of publishers has dictated policies and controlled methods of book distribution. When a new firm came into the field it was usually headed by a publisher who had received a thorough schooling in the fundamental principles

of the business during years of service with one of the older houses. Thus the traditions were perpetuated from one generation to another.

Coincident with the invasion of the new type of publisher, the publishing business enjoyed a boom which has never abated despite the increased interest in other forms of entertainment.

After the country had recovered from the shock of the war and settled down to its normal habits the American people developed a racial self-consciousness which bred a thirst for knowledge and a curiosity about the more serious aspects of life.

A new class of readers

BOOKS that ordinarily would have lain neglected on the shelves of the retail stores were eagerly pounced upon by a new generation of readers, avid for information upon subjects that had hitherto been ignored. Policital memoirs, books of biography and volumes dealing with science and philosophy sold into figures usually reached by only the lighter forms of fiction.

The new readers, as a class, were not

particularly well versed in the finer points of literature nor did they exercise in their choice of books upon vital topics the same discrimination shown by the older generation.

They were keen for information, but were not content with authentic, scholarly and sometimes dry-as-dust volumes. They wanted their books jazzed up to the speed of modern life and written in the vernacular of the day. There was also a wide market for frivolous entertainment. Literary novelties of any kind had a good chance of sweeping the field whether in a serious or lighter vein.

Here was an opportunity for the Old Guard publishers, as progressive merchants, to take advantage of this newly created market and at the same time keep pace with the rising generation of readers. But some of the established firms found it difficult to climb aboard the brisk brightly-colored band wagon.

Hovering in the background, however, was a group of young men with little or no business experience but unlimited audacity and a firm conviction that the publishing business had fallen into a sort of stupor. They were itching to try their hand at catering to the



literary tastes of the post-war public.

Such men as Richard L. Simon and Max Schuster of the firm of Simon & Schuster; the Boni Brothers, Albert and Charles, who founded A. & C. Boni; and George Oppenheimer and H. K. Guinzburg of the Viking Press and the Literary Guild were hardly out of college when they set themselves up in the publishing business. They and others virtually bridged the gulf between the classroom and the publishing office in one leap.

The elder publishers viewed their arrival on the scene with amused tolerance, but within a few years, the attitude changed to resentment and a puzzled reflection as to what the business was coming to.

The fact that the time was ripe for the introduction of new ideas in the business does not detract from the accomplishments of these young men. The publication of books is a highly complex business requiring technical knowledge as well as merchandising acumen, and the element of chance is present in alarming degree.

It's a fickle trade

THE publisher, almost every day of his business life, produces various articles of unknown value. No two books in the list of general reading are alike, and each new product that comes from the press must stand on its own merits and find its particular market. Books that have been published with trepidation have leaped into fame overnight while others have gained no response.

The reason for this, of course, is that a piece of literature is a commodity of intangible value, and its success or failure depends on the state of the public taste at the moment of its publication. The fickleness of this taste is one of the nightmares of the business.

The successful publisher should combine the rare qualities of sound business sense and a discriminating literary judgment. He should have sufficient knowledge of the printing trade to grasp the problems of production, and a mastery

of salesmanship that will enable him to distribute his products to the best advantage in a highly competitive market.

The first task of the beginner is to find material suitable for publication. The raw material of the publishing plant is the manuscript of an author who has something worthwhile to say to the public, but the newcomer invariably finds that practically all the authors whose works are likely to find a ready market are under contract to the older publishers. The inability to obtain proper authors has ruined many a house otherwise well equipped to succeed. All of these factors and many others make the book producing business a

precarious venture for the most experienced publisher. For the beginner the handicaps are often fatal. But none of these difficulties deterred the young men who landed with such a heavy



thud in the midst of the bookselling trade a few years ago.

What they lacked in knowledge they made up in enthusiasm and where caution would have been the creed of the older houses they plunged ahead with a breath-taking audacity. Within a few years they have introduced new methods of merchandising, revolutionized preconceived ideas as to the character of advertising best suited to stimulate book sales, and have shocked some of their elders by taking advantage of high-pressure publicity campaigns to bring their products to the attention of the public.

A varied list of imposing "titles" was regarded in the old days as an essential part of the equipment of any new publishing house. Unless a publisher could round up a respectable roster of writers and announce the publication of a variety of volumes devoted to biography, history, economics, travel and other subjects as well as the general run of fiction he felt it was useless to attempt to break into the business.

Frequently these titles were as-

sembled without regard to the salability of the books. They were compiled primarily to give an air of permanence and dignity to the house. The publisher having collected his "list" would catalog the titles, advertise them to the trade, and then await the results.

The most successful of the new publishers dispensed with the cumbersome list. Instead of expending their energies on a variety of titles, they put all their resources behind one or two products that showed signs of potential popularity. They faced the same paucity of material as all newcomers but they offset this handicap by a marked genius for merchandising, an uncanny ability to make the best of what there was to offer.

The success of Simon & Schuster was founded on the publication of the Cross Word Puzzle book, two million copies of which have been sold to date at an average price of \$1.35 a copy. This book was regarded in the publishing trade as a "trick" volume, and it was freely predicted that as soon as the craze waned the young men responsible for it would pass out of the picture or at least subside into a less spectacular method of doing business.

After establishing the puzzle book as a classic, with new editions at frequent intervals, the young publishers brought out in rapid succession two volumes that have made publishing history. One was "The Story of Philosophy" and the other was "Trader Horn."

The former was released to the trade as a five dollar volume in the Spring of 1926, two years after the firm was founded and has sold 209,000 copies, making a fortune for both the publishers and the author. "Trader Horn," a four dollar volume, has also gone over the 200,000 mark.

In judging these figures it must be taken into consideration that any non-fiction book selling more than 50,000 copies is regarded in the publishing trade as a sensational success. The first novel of a new author that sells more than 15,000 copies is looked upon as a miracle and any book of any kind, whether



fiction, poetry, biography or travel, that reaches the 75,000 mark is revered as a volume of outstanding merit.

Schuster, the senior member of the firm, is 31 and Simon is 29. Both graduated from Columbia University and met for the first time while Schuster was working for an automobile accessory company and Simon was making a living as a piano salesman. In the off-hand manner of youth they decided to become publishers.

Excellent advertising copy

THE advertising employed by Simon & Schuster has been declared by no less an authority than Earnest Elmo Calkins "the most amazing I have seen in a long and varied experience with advertising copy." Those who follow the book advertisements in the magazines and literary sections of newspapers are probably familiar with the "Inner Sanctum" talks issued by this firm every week.

The copy, prepared by the young men themselves, is presented in the form of a column of intimate gossip in which the publishers discuss their triumphs and relate their failures with a naive and engaging frankness. If it is true as some advertising experts profess to believe, that the present orgy of bombast and exaggeration in advertising is but the prelude to an era of candor, then Simon & Schuster are far ahead of their time.

Almost invariably they discuss the products of other houses, frequently deprecating the selling value of their own merchandise and advising their readers to purchase some volume issued by a competitor. To a public deluged with superlatives in advertisements the spectacle of these young men buying advertising space to tell their readers how much they enjoyed "The Greene Murder Case" published by Scribners or "The Bellamy Trial" published by Doubleday Doran & Co. (as was the case in a recent column) comes as an agreeable surprise.

All the younger publishers have pioneered in new forms of advertising.



They have taken their message direct to the public and by dramatizing certain features of their books or the personalities of their authors have sought to create a retail demand for their books practically before they reached the bookstores.

The method employed by the majority of the publishing houses in the old days was to sell as large a quantity of books as possible in advance of publication, and then leave it to the retailer to get rid of his stock. A certain amount of preliminary advertising, has always been done, and on books that promised to "catch on" national campaigns were planned but the advertising was more or less stereotyped.

Book consumers, as a whole, are aware that almost any book can attract favorable notice from some of the reviewers, and they have become a little wary of the praise heaped upon some of the most mediocre volumes. Book



advertising today requires more imagination than the mere announcement of the title followed by a list of quotations from the more lenient critics.

However much they may have accomplished through the revolutionary character of their advertising, Simon & Schuster do not rely entirely upon this medium to create sales for their products. One of the business dictums of the house is—"A book, to sell, must be talked about. If people won't discuss it no amount of advertising will sell it."

A well conceived plan of publicity nursed the interest in the Cross Word Puzzle from a fad to a nation-wide craze, and raised Alfred Aloysius Horn from the obscurity of a tinware peddler with a gift for spinning amazing and somewhat incredible yarns to the eminence of a conspicuous figure in the literary world. There was real salesmanship in this, as there was in "The Story of Philosophy" which was sold on the slogan, "More Exciting Than Fiction and Selling Faster."

One of the criticisms of the older



publishers is that the younger men are more concerned with large profits than with the literary merits. This charge is true partly. The older publishing houses maintain large staffs of readers, who, being persons of definite literary tastes, are likely to consider first the artistic worth of a manuscript and second its salability. The younger men on the other hand are inclined to inquire first, "Will it sell?" and let the prose rhythm take care of itself.

But when A. & C. Boni sells 240,000 copies of "The Bridge of San Luis Rey" by Thornton Wilder, the charge of mercenary motives as the first consideration falls to the ground. The Wilder book had little to recommend it beyond the beauty of its prose. It was acclaimed throughout the country as an artistic triumph, and was sold on this basis. There was nothing sensational about it except the sales record.

The first big selling book the Bonis had after entering the general publishing field a few years ago was the "Illiterate Digest" by Will Rogers. The success of this book is another indication of what a progressive house can do for an author.

Rogers already had published two books but neither had achieved any great success. A series of syndicated articles on topical subjects appearing in some of the newspapers had begun to attract attention, and the Bonis believed Rogers was definitely emerging from the status of a gum-chewing comedian to the position of a full-fledged humorous philosopher.

Having decided to capitalize on his growing popularity as a commentator on current foibles, the young men buttonholed Rogers one day at the old Madison Square Garden where he was covering the 1924 Democratic Convention for a group of newspapers and attempted to persuade him to allow them to publish the newspaper material in a single bound volume.

Rogers rebelled at the idea, but the young publishers pursued the negotiations for six months and finally the

(Continued on page 154)

The New Problems Radio Brings

By Martin Codel

RADIO has become a bearer of messages to the ends of the earth. In that service it has overlapped the older means of communication. The question of a broader governmental regulation has been raised in a bill by Senator Couzens. Control of the telegraph and the cable would also be submitted to a new commission. Now the Senate is looking into the considerations that must be faced and its committee on Interstate Commerce is hearing the view of experts. What is public service and what is in the public interest? Should American cable and radio companies be combined to meet foreign competition? How can an American commission control both ends of an international circuit? Questions that indicate confusing problems.

IT WAS inevitable that radio should become a larger target for regulators and regulations. Every major development of the art and the industry has been rated as front-page news, and special departments in stores and newspapers daily remind us that what goes on in the world of radio is a matter of public interest and public service.

But radio's natural encroachment upon other and older means of communication seems to have crystallized the present concern of Congress in the question of a broader regulation. This attitude of mind has come to a focus in a bill introduced by Senator James Couzens of Michigan.

The bill would provide for the creation of a Federal Communications Commission to regulate "the transmission of intelligence by wire or wireless." Oddly enough, the author of the bill himself is responsible for a rider which would give the same Commission the much-mooted authority to regulate also the interstate transmission of power.

This bill had been introduced several times previously but it had never received serious consideration. Included in its scope are the telephone, the telegraph, and the cable systems, along with radio. The implications of this proposal for regulation have an inherent significance for every user of the vast and varied apparatus now established for the transmission of messages. The necessary policy of the air for radio broadcasting brought about the establishment of the Federal Radio Commission, and after each of its two years of disturbed and disturbing existence Congress has extended its life. Now Senator Couzens and his colleagues of the Senate Interstate Commerce Committee have

decided that it is time for Congress to study the whole communications situation.

To that end hearings were begun on the bill. These hearings were intended to be a broad and exhaustive inquiry into the whole field of communications with its manifold domestic and international ramifications. Radio's commanding place in the industrial sun won it first consideration. The Senate committee, in opening the hearing, devoted itself primarily to the problems of radio, first taking what virtually amounted to an elementary course in the radio science from Louis G. Caldwell, former general counsel of the Federal Radio Commission.

Radio looms out

THE limelight remains more or less focused on radio; the wire and cable interests have kept in the background; from the power interests, there has been little comment and no apparent perturbation.

The bill itself, as Senator Couzens frankly avers, offers little more than an introduction to the problem of governing American communications. Its terms are sweeping. It will probably be an altogether different document when one or two Congresses and the affected industries, basic along with transportation in the national economy, have done with it. In effect, it is little more than a combination of the Radio Act and the communications control features of the Interstate Commerce Commission Act.

A commission of five men, appointed by the President from as many geographical zones, would be established. The commissioners' terms would be for

two, three, four, five and six years, respectively. The salaries would be \$10,000 a year for each commissioner. The organization would be similar to that of the Federal Radio Commission. The authority to inquire into the management of common carriers, to litigate, to license and regulate radio stations, to preserve the integrity of America's international avenues of wireless communication and to publish reports. Findings and schedules would be the same.

Added thereto, however, would be the regulatory, and even the rate making authority now vested in the Interstate Commerce Commission but seldom, if ever, exercised by that body, partly because of the press of its railroad work and also because of the paucity of applications for an assumption of jurisdiction. There are included also the features of limitation upon security issues and the assumption of obligations or liabilities not unlike those imposed on the railroads.

How the affected interests will react to this broad proposal of a new authority is not clear at this time. The constitutional aversion of American business to more and bigger commissions was voiced by General James G. Harbord, president of the Radio Corporation of America, in a recent speech before the Springfield (Mass.) Chamber of Commerce. He particularly opposed efforts of an American commission to control two ends of international circuits. The Radio Corporation of America is today America's monopoly in transoceanic radio.

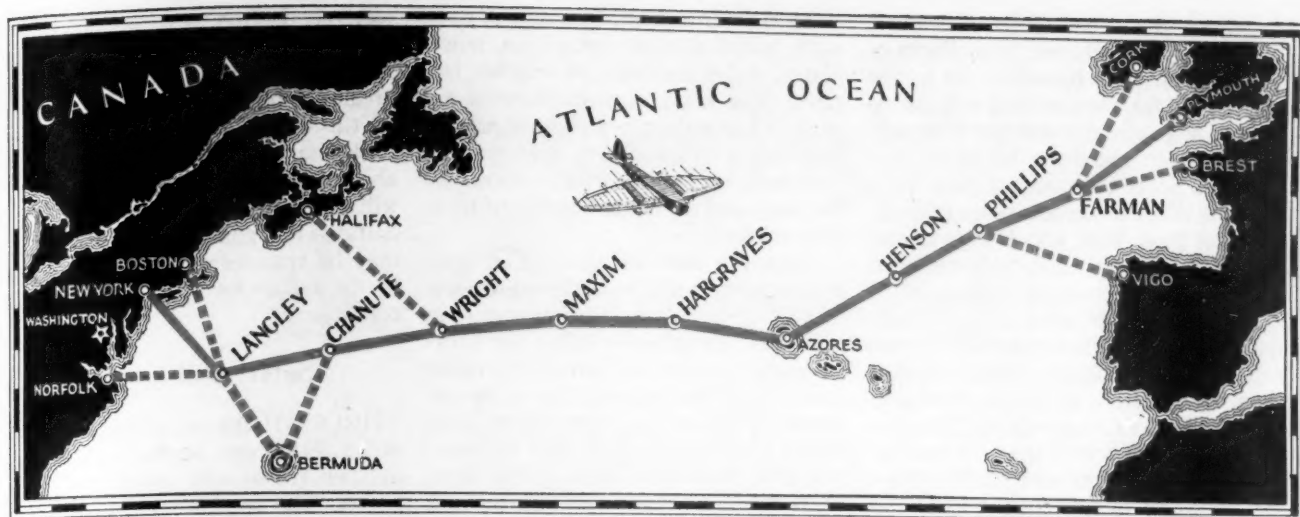
Regulate, but how

ON THE other hand, he recognized the need of regulation of communications within the country. On Capitol Hill there is every evidence of bipartisan conviction that tighter regulation is necessary.

The form this regulation shall take is the problem. The Federal Radio Commission for example, has shown all too little appreciation of the trade and strategic importance of developing America's international radio activity.

It has focused most of its attention on problems of popular broadcasting and the establishment of rival domestic

(Continued on page 175)

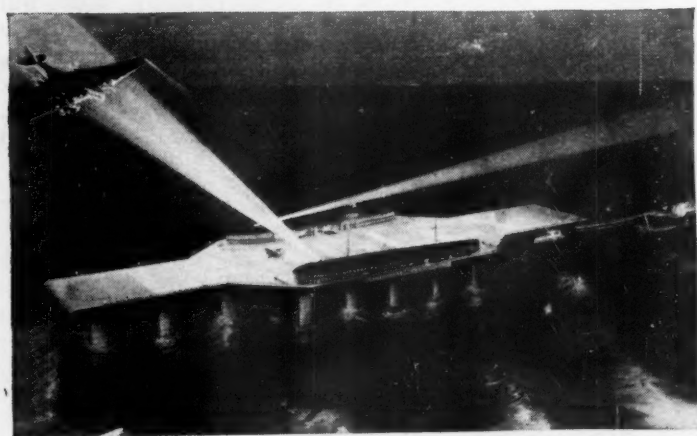


Eight great seadromes, strung across the Atlantic, are contemplated under the Armstrong plan

What's Next in Ocean Travel?

By EDWARD R. ARMSTRONG

Consulting Engineer, the du Pont Corporation



THE inventor of this floating landing field sees his system of trans-Atlantic air transportation in complete operation within the next five years. Present plans call for a fleet of amphibian airplanes that will give thirty-hour service between Plymouth and New York City

THE need for trans-Atlantic airplane service is becoming more imperative as the public of this and foreign countries grows increasingly air-minded and recognizes more and more the savings of time and money that are possible by use of this new means of transportation.

How great, for instance, would be the saving on interest charges alone if bank paper could be brought from Great Britain to New York in 24 hours instead of the several days now needed for this transfer.

However, ocean flying, to be popular and useful, must be safe. It is not so today. An effort to span the ocean in a single hop is a gamble with death, not because flying over the sea is dangerous in itself but because of the distance that must be travelled without refueling, motor inspection, weather reports or any of the other services which have made land flying commonplace and reliable.

Since distance is the only obstacle to safety, the problem in establishing ocean airlines is to shorten the distance—to break it up into lesser distances at the end of which the plane may be serviced, weather reports received and help dispatched to the plane in the event of a

forced landing on the sea.

That is the purpose for which the Armstrong seadrome was designed. A series of eight of these large floating islands strung across the Atlantic at intervals of 375 miles will remove the hazard from ocean flying and make it possible to leave the United States by airplane Friday, spend Saturday and Sunday in Europe and return to New York in time for the opening of business Monday.

This is not the idle dream of an optimistic imagination. Five years at the least should see this system of air transportation in complete operation. In fact, the first seadrome, now under construction, will be

placed in operation between New York and Bermuda next year. When it is thoroughly tested, construction will begin on dromes for the trans-Atlantic route.

The Sun Shipbuilding Company, of Chester, Pa., is planning to build the

buoyancy tank substructure of this first seadrome. The Belmont Iron Works of the same city will construct the bridge trusses and floor system and will assemble the huge island inside the Delaware Capes. From there the Merritt-Chapman and Scott Company of New York will tow it out to sea to a point midway between New York and Bermuda and anchor it with a special cable designed by John A. Roeblings of Trenton, N. J.

Nor is the seadrome a wailing infant financially. It has the support of a prominent group of business men, many of them being active in the du Pont and General Motors corporations. The cost of building this first of the series will be between \$1,500,000 and \$2,000,000—less than that of some of the first-class land airports and about 10 per cent of the cost of the largest passenger liner.

Artificial islands

APPROXIMATELY 10,000 tons of iron and steel will be required for each seadrome and the total displacement will be 25,000 tons, of which half will be ballast. The buoyancy units, rust-proof iron tubes, will extend 160 feet under the water. The landing deck, 1,200 feet long and 200 feet wide, will stand 80 feet above the water level.

Below the landing deck, at the stern, is the service and boat deck. Hangars will be located in the central deck housing section adjacent to the shop and storage space where repairs can be made and a stock of parts and supplies for the planes maintained.

Each seadrome will be a unit in itself with hotel accommodations, power plants, radio stations and weather stations. The hotel accommodations are more or less elaborately planned as may be required to serve both the operating personnel of the seadrome—about 80 persons—and an equal number of transient guests.

From the weather stations on each seadrome data will be gathered to forecast flying conditions. Improvements in radio beacons as perfected by the United States Bureau of Standards make route mark buoys along the route unnecessary. Even in a heavy fog a plane would be able to find its way to a station and, if unable to land on the deck, could alight in the water nearby and could taxi or be towed to the drome where a huge crane would lift it aboard.

The dromes could also be used to provide cheaper telephone service between the western and eastern hemispheres, each of the series being used as a stepping-up station for transoceanic conversations over the radio or as a cable relay station.

An important feature incident to seadrome operation is the supply service, by means of which all the operating materials and supplies are delivered to the dromes by ships especially adapted for this service.

Gasoline and oil will be delivered by tankers to the supply tanks in the buoyancy units below sea level at the stern of the seadromes. These supply ships are to be protected from waves when necessary by air breakwaters which ef-

fectively destroy wave motion by diffusing compressed air from perforated pipes. Air bubbles rising through the water break up the waves, reducing the greatest turbulence to a swell that a rowboat could navigate safely. A safety zone about 250 feet wide and 600 feet long will be maintained when servicing operations are going on, so that supplies may be transferred from ship to barge to drome under virtually all weather conditions.

Safety and low price

THROUGH the use of these seadromes ocean flying can be made as safe and inexpensive as any other form of sea travel. The seadromes themselves will be absolutely secure. Under heaviest seas they remain stationary without roll or tremor. Tests of models in hurricane seas have proven that. The anchor, especially designed, cannot pull away, and changes of wind merely swing the seadromes around to provide the best possible landing conditions.

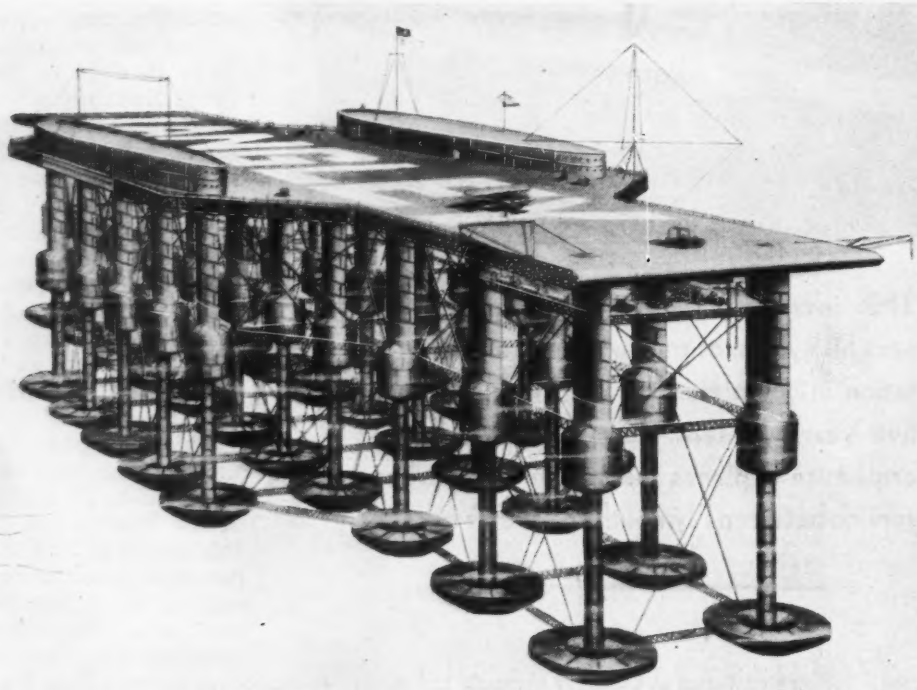
At no time on a trans-Atlantic flight would an airplane be more than 200 miles from a landing field and refueling station. Radio telephonic communication will be maintained between seadrome and plane. Should a plane be forced down on the water, speedy power boats will be available at each station to rush to the rescue. If bad weather threatens, warning will be broadcast and planes will remain on the dromes safe from the elements.

In addition, there will be safety factors that land flying does not have. There will be no mountains to cross. There will be no sudden air changes. In addition to this the southerly route selected for the seadromes, though longer than the northern route taken by Lindbergh, Chamberlin and Byrd, is the safest. It has been located south of the "cold wall" so ice formations on the stations or the planes at the lower levels will be impossible at any season. The route is entirely out of the field ice zone and the iceberg drift range and less than 10 per cent of the cyclonic storms which hit the more northerly shipping lanes reach it.

Present plans call for the location of seadromes between the thirty-fifth and fortieth parallels to the Azores. From there branch routes can extend fan-wise to England, Germany, France, Spain and Italy. This route is from five to ten degrees south of the summer steamship lane.

A perfunctory survey of the transportation field proves

(Continued on page 146)



The Armstrong seadrome will have a displacement of 25,000 tons. The buoyancy units will extend 160 feet under water and the deck, with its hotel and hangars, will be 80 feet above

Untangling the Government

By William Hard

PART V

ON DECEMBER 10, 1925, Reed Smoot of Utah in the Senate and Carl Mapes of Michigan in the House introduced an identical bill of large historical and contemporary importance in the solution of the business problem of the reorganization of the administrative branches of the Federal Government.

This bill wholly abandoned the idea of effecting that reorganization through detailed legislative action. It abandoned the effort to put through Congress a bill in which transfers of functions and services and bureaus and divisions and boards and commissions from one executive department to another and from one independent establishment to another and from departments to establishments and from establishments to departments would all be set forth, point by point, and detail by detail, and then comprehensively and simultaneously enacted.

Such a bill, or at any rate a bill going falteringly and yet with some forcefulness in that direction, was then pending in both Houses. It was the product of the deliberations of the "Joint Committee on Reorganization" appointed under a congressional resolution of 1921 and headed by the present Postmaster General, Walter F. Brown.

This bill covered many pages. It would have been obliged to cover many more really to cover the subject. It dodged and omitted many vital parts of the subject. It was a halfway bill. Even at that, however, it was a bill to strike terror into the heart of any legislator.

The business man is inclined to think lightly of the labors of the legislator. Rising from a ready determination—perhaps—of price policy in the one industry or subindustry which is his

CONGRESS having failed to reorganize the Government, proposed plans to put the problem up to the President. Business, though the chief sufferer from overlapping of government activities, has not been invited to help solve the problems.

In this concluding article of his series William Hard raises the question of whether business could really help or not

whole life, he is inclined to wonder why Congress cannot conclude its labors promptly.

Meanwhile the congressman has before him, in addition to a little bill legalizing the retail maintenance of manufacturers' resale prices, another little bill authorizing the annexation of a Samoan Island to the territory of the United States; another little bill outlining a new method for promoting the consolidation of railroads; another little bill for draining Lake Okeechobee in Florida at the expense of the Federal Treasury and under the spell of the charms of Congresswoman Ruth Bryan Owen; another little bill empowering some aggressive benefactors of the motoring public to build bridges over navigable streams and collect tolls from the motorists, and several hundred equally perplexing little bills all demanded by urgent interests and virtually all dealing with different problems, each of which is a life-work to the private citizen concerned.

Why lobbies are useful

THIS is one reason why it is preposterous to exclaim against the presence of lobbyists in Washington. Lobbyists are necessary to convey to congressmen the information which no congressman, even if he were born with a thousand heads on his shoulders, could possibly have by himself.

This is also why business men should

be a bit patient with congressmen as they struggle with an accumulation and concentration of problems which no business man, when and if he gets into Congress, finds trifling and simple.

Imagine a congressman oppressed by long arrears of demands from discontented industries and interests for a

rectification of their woes, and imagine him further oppressed by an insistent demand for a businesslike reorganization of the administrative branches of the Federal Government, and imagine him then presented with a little bill for evoking his opinion and edict on the following—and many other—related and combined reorganizational projects.

The Lake Survey Office, now managed by the Chief of Engineers of the War Department, shall be transferred to the Department of Commerce; and the Department of Commerce hereafter shall also make all necessary surveys of the navigable waters adjacent to Cuba, Haiti, and the Virgin Islands.

The Board of Road Commissioners for Alaska shall be abolished and its work shall hereafter be done by the Secretary of the Interior.

There shall be a new Department of Education and Relief. The whole of the Veterans' Bureau shall be transferred to this new Department.

The Bureau of Public Roads shall be transferred to the Department of the Interior from the Department of Agriculture.

The Solicitor of the Department of Labor, now subordinated to the Department of Justice, shall become wholly and solely an officer of the Department of Labor.

The Bureau of the Budget, hitherto operating under the ægis of the Treasury Department, shall become complete-



Postmaster General Walter F. Brown, head of the Joint Reorganization Committee, found Congress not anxious to reorganize the Government

UNDERWOOD & UNDERWOOD

ly independent. In the Department of Commerce there shall be a new Bureau of Transportation. It shall promote all interstate transportation by rail or highway or water or air.

The National Advisory Committee for Aeronautics, hitherto independent, shall thereupon be transferred to the Department of Commerce.

And also,

"The authority, powers, and duties conferred and imposed upon the Secretary of War under the provisions of Sections 201 and 500 of the Transportation Act, 1920, shall be transferred to the Secretary of Commerce, to be held, exercised, and performed by him in the same manner as if he had been directly named in said Act instead of the Secretary of War; and all boats, barges, tugs, and other transportation facilities transferred to the Secretary of War under the provisions of said act, and all transportation facilities and all agencies and instrumentalities acquired or established by the Secretary of War to carry into effect the provisions of said Act are hereby transferred from the Department of War to the Department of Commerce."

Et cetera, et cetera, et cetera.

These things are not so easy.

Moreover, in a moment we propose to ask if the business community has within itself men who can help bring these things to a more prosperous and successful issue.

The bill here faintly sketched for the detailed reorganization of the administrative branches of the Federal Government died, like some of the heroes on medieval battle-fields, under the weight of its own armor. It was crushed by

the multiplicity of its burdens. It never really moved an inch. It just stood up and collapsed.

Thereupon came the bill by Mr. Smoot and Mr. Mapes with which this present narrative opened.

That bill dismissed Congress from all immediate first-hand responsibility for departmental readjustments and realignments of federal functions. It set up, instead, a so-called "Reorganization Board."

That Board would have five members.

Two of them would be Senators, appointed by the President of the Senate. Two would be Representatives appointed by the Speaker of the House. The fifth would be a "person" appointed by the President of the United States by and with the advice and consent of the Senate.

The reorganization board would survey the administrative branches of the Government. It would consider proposed changes in the locations and interrelations of those branches. It would fix



Representative F. W. Dallinger has introduced a bill giving the President broad powers in reorganization

Representative Carl Mapes has offered in the House a bill which would set up a new committee to aid in reorganization

upon the changes which it thought desirable. It would recommend those changes to the President of the United States. Upon that recommendation the President would have the power "to transfer the whole or any part of any bureau, division, commission, board, or other branch of the Government, from one executive department or independent establishment to another and to consolidate any independent establishment with such executive department as may be deemed proper."

For the final accomplishment of such changes the President was granted approximately a year and a half. At the end of that time his authority under the bill, and also the authority of the reorganization board, would terminate.

It was of course implied and understood that thereafter Congress, having regained the plenitude of its constitutional power, could revise or reverse any of the decisions reached by the reorganization board and the President. The purpose of the bill was not any permanent abdication of power by Congress. That would be impossible and ridiculous. The purpose was merely to grant

(Continued on page 122)

Senator Reed Smoot (below) joined Mr. Mapes in drafting the latest reorganization bill and introduced in the Senate a measure identical with that Mr. Mapes offered in the House of Representatives



To his secretary, Walter Newton, President Hoover has assigned the task of reorganizing the executive department

PHOTOS BY
UNDERWOOD & UNDERWOOD

The Map of the Nation's Business

By FRANK GREENE

Managing Editor, Bradstreet's

BUSINESS INDICATORS

Latest month of 1929 and the same month of 1928 and 1927 compared with the same month of 1926

POSSIBLY because of the "greater visibility" of the actual returns of factory output as compared with the less definite returns as to trade in May, there has been a tendency to lay greater stress on the apparently greater speed of production than on the distribution figures for May.

Nevertheless, in spite of frequent mention of the "spottiness" of trade in May as opposed to the manifest activity in manufacture, distributive trade has held up quite well, wholesale and jobbing trade rather better than retail buying and, while there has been a seasonal tapering off as the spring has advanced, all obtainable comparisons point to this year's trade distribution and industrial movement alike as having been appreciably larger than in the same period of any preceding year.

It might be said also that, with the evident spirit of cooperation shown in manufacturing, it would be unthinkable to imagine that the present immense production is not finding adequate outlets in final distribution.

Iron and steel hit peak

THE MOST sanguine expectations in the iron and steel trade were met and surpassed by the record breaking outputs of crude steel and pig iron which in May exceeded previous peak months, March, 1929, and May, 1923, respectively, by fractions of one per cent and

were larger than May a year ago by 25.3 and 18.6 per cent. For five months the ingot steel and pig iron outputs were respectively 14.3 and 16.1 per cent ahead of a year ago and set up new high records for the period.

Automobile buying, though a powerful influence, was not alone responsible for this expansion. This may be gathered from the fact that the May output of automobiles although about 36 per cent ahead of May a year ago, was estimated at about six per cent below the record April output of 620,656 cars and trucks. June output is expected to show a small

recession from May although far ahead of June a year ago.

Other metal using industries such as pipe for gas and oil, machine tools, agricultural implements, plates for cars, heavy steel for locomotives, great quantities of steel and iron for electrical uses, and for the varied lines of merchandise turned out for use in household electrical appliances have all helped the record outputs of these two basic industries.

Export trade has no doubt called for great quantities of crude and semi-finished forms. One sample of the expansion in steel buying this year may be found in the reports that steam locomotives bought so far are only 100 behind the total for 1928 and that new railway car orders this year in five months exceeded those for the entire year 1928.

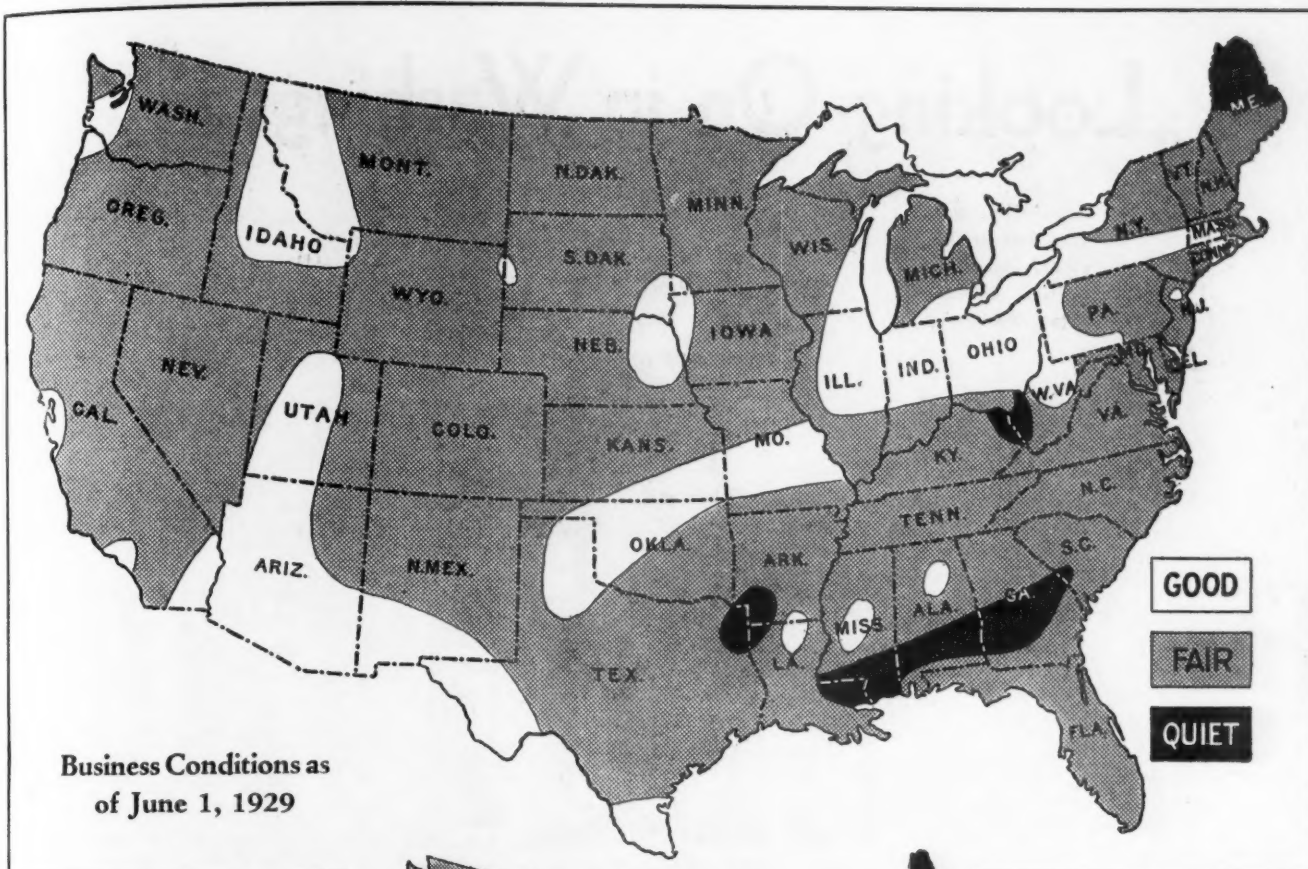
Price levels down

ON THE less favorable side of May's happenings, aside from the generally cold and wet weather which has affected trade distribution and retarded crop work and seeding, may be mentioned the decline in price levels and the let down in new building permitted for.

The price decline in May, the third consecutive monthly decrease, which brought the general price level June 1 to 5.6 per cent below June 1 a year ago and to the lowest point since July 1, 1927, was largely chargeable to the drop in prices of farm products, led by wheat and the raw textiles and their various

Production and Mill Consumption	Latest Month Available	Same Month 1926 = 100%		
		1929	1928	1927
Pig Iron.....	May	112	94	97
Steel Ingots.....	May	129	103	99
Copper—Mine (U.S.).....	May	127	100	97
Zinc—Primary.....	May	106	99	96
Coal—Bituminous.....	May*	97	91	91
Petroleum.....	May	131	120	122
Electrical Energy.....	April	135	120	112
Cotton Consumption.....	May	121	105	120
Automobiles.....	May*	129	94	93
Rubber Tires.....	March	147	128	118
Cement—Portland.....	May	98	105	101
Construction				
Contracts Awarded—36 States—Dollar Values.....	May	105	118	102
Contracts Awarded—36 States—Square Feet.....	May	93	109	88
Labor				
Factory Employment (U.S.)—F.R.B.....	April	98	93	97
Factory Pay Roll (U.S.)—F.R.B.....	April	103	93	98
Wages—Per Capita (N.Y.).....	April	104	100	101
Transportation				
Freight Car Loadings.....	May	102	98	99
Gross Operating Revenues.....	April	103	95	100
Net Operating Income.....	April	124	93	97
Trade—Domestic				
Bank Debits—New York City.....	May*	185	170	118
Bank Debits—Outside.....	(X) May*	118	114	104
Business Failures—Number.....	May	110	116	107
Business Failures—Liabilities.....	May	123	108	113
Department Store Sales—F. R. B.....	May	103	100	95
Five and Ten Cent Store Sales—4 Chains.....	May	138	118	105
Mail Order House Sales—2 Houses.....	May	163	119	100
Wholesale Trade F. R. B.....	May	102	94	96
Trade—Foreign				
Exports.....	April	110	94	107
Imports.....	April	103	87	94
Finance				
Stock Prices—30 Industrials.....	May	225	155	121
Stock Prices—20 Railroads.....	May	141	135	125
Number of Shares Traded in.....	May	353	384	188
Bond Prices—40 Bonds.....	May	99	104	102
Value of Bonds Sold.....	May	95	112	135
New Corporate Capital Issues—Domestic.....	May	216	266	254
Interest Rates—Commercial Paper, 4-6 Months.....	May	150	114	103
Wholesale Prices				
U. S. Bureau of Labor Statistics.....	April	97	97	94
Bradstreet's.....	May	98	103	97
Dun's.....	May	98	105	97
Retail Purchasing Power, July 1914 = 100				
Purchasing Power of the Retail Dollar.....	April 1929	63	62	61
Purchasing Power of the Clothing Dollar.....	April 1929	60	59	58
Purchasing Power of the Food Dollar.....	April 1929	66	66	65
Purchasing Power of the Rent Dollar.....	April 1929	63	61	59

X Excl. Boston, Cleveland, Chicago, Los Angeles, Philadelphia, Detroit, San Francisco, and New York.
* Preliminary.



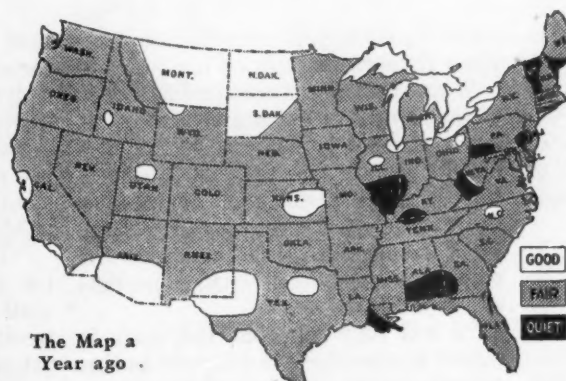
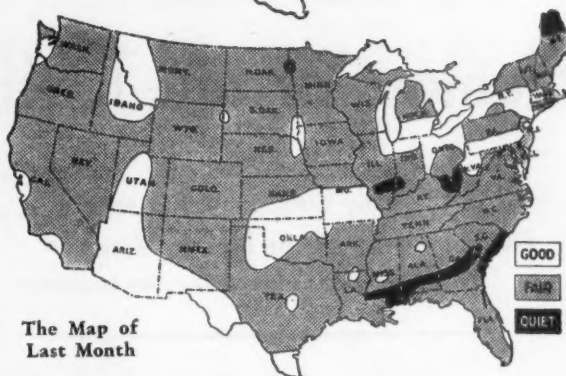
partly or wholly manufactured derivatives.

The decline in wheat, of course, has been prominently in the public eye possibly because May a year ago saw a similar break from the high levels of earlier years and partly because the talk of farm relief in last year's campaign may have bred some hopes on which speculative holding was based.

Contrary to the theories held by some that speculation in the recent past has been confined to the stock market, there seem to have been some heavy losses by those who hoped the rise in security prices was a good gauge for commodities. The rallies of 15 cents in wheat which, by the way, seem to have checked exports, and of smaller amounts in corn, oats, cotton and some other farm products in early June, still leave farm products well below recent years at this time. Of 27 leading primary farm products, 19 are lower than a year ago. The others are higher.

Building slumps

BUILDING permit returns for May from 167 cities out-



THE MAP this month is very similar to that of last month. However, there is a slight lightening in Texas and the touching corners of Nebraska, Iowa and South Dakota. A broader white band appears across eastern Wisconsin, northern Illinois, Indiana and Ohio and western Pennsylvania. The dark spot on the South Atlantic coast has lifted

side of New York, where changes of laws this spring have tended to warp statistical comparisons, reveal a total estimated value of \$196,281,000, a decrease of seven-tenths of one per cent from April and of 11.7 per cent from last May.

For five months of the year the total estimated value of permitted-for building outside New York is \$850,694,000 as against \$970,304,000 a year ago, a decrease of 12.3 per cent.

In New York City the five months' total of \$660,785,468 shows a gain of 41 per cent but some building authorities question if some of the tentative plans will ever really take shape as buildings. The combined total for five months in and out of New York indicates a gain of five per cent over last year.

Industrials strong

RETURNS of leading industrial and mercantile concerns for the first quarter reflect the profitable character of business in that period. A compilation by the New York Federal Reserve Bank shows

(Continued on page 142)

Looking On in Washington

Alexander Hamilton guards the south entrance of the United States Treasury



Humors of the Tariff

. . . . "My business in this state
Made me a looker on here in Vienna."

—Vincentio in "Measure for Measure."

THE sublime truth that extremes meet and that opposites fall in love is nowhere more beautifully illustrated than in the tariff. The statistics of the tariff are no more depressing than its jocularities are exhilarating. The proponents of higher duties are statisticians and wits. The proponents of lower duties are statisticians and wags. A few of their efforts in the field of the gayety of existence are here impartially related.

WE MUST begin by observing the comprehensiveness of the geniality of the chairman of the Ways and Means Committee of the House of Representatives, Willis C. Hawley of Oregon, prime titular author of the new emerging tariff law. It is a prosaic commonplace that the tariff is designed to protect high-cost American producers against low-cost foreign competitors.

To that antique humdrum pedestrian policy Mr. Hawley has added a flight of soaring poetry, wholly independent of the showings of our costs sheets. That indefatigable and undeviating Democrat, Cordell Hull of Tennessee, twitted Mr. Hawley with the Republican duty on tin plate (which, however,

ironically enough, is lower than the previous Democratic duty on it).

We are the world's most prolific source of tin plate. Our exports of it are vast and our imports tiny. Why then the duty? There is a reason. Mr. Hawley's reason, however, was much better from the standpoint of entertainment. Fearlessly facing Mr. Hull, Mr. Hawley, amid loud applause, robustly ejaculated:

"I will only say that this duty is placed to continue the industry in this country, *which is the cheapest producer of that commodity in the world.*"

So there you are. If our costs are higher than those of the foreigner, the other members of the Ways and Means Committee will protect us. If our costs are lower than those of the foreigner, Mr. Hawley will protect us.

The country thus being safe, we may proceed with a light heart.

WE AT ONCE confront the rosy, brisk, pugnacious and companionable counte-

nance of John N. Garner of Texas, ranking Democratic member of the Ways and Means Committee, Mr. Hawley's fell foe and fast friend. A poignant wrong has been

done to Mr. Garner. It was brought to the attention of the House of Representatives by Mr. Garner's colleague from Texas, C. B. Hudspeth. Mr. Garner's sensibilities were so delicate he could not mention it himself. Mr. Hudspeth mentioned it for him.

Mr. Hudspeth said:

"The testimony before the Committee showed that this coarse grade of wool comes into competition with other wools, notably mohair from goats, and yet you have reduced the duty from 31 cents to 24 cents. The Committee knows that this very wool, on which you have reduced the duty, comes into competition with the mohair produced in my district—and in the district of the gentleman from Texas, Mr. Garner. Yet you have reduced it."

Think of it! Mr. Hawley, in a Democratic moment, reduced the duty on a commodity competing with a commodity produced in the district of the Democratic Floor Leader of the House, and outraged indignation now swells in the

(Continued on page 118)



Chicago's proposed Merchandise Mart (A). The Furniture Mart (B)

Simplifying Buying for the Merchant

By JAMES SIMPSON

President, Marshall Field and Company



James Simpson turning the first shovelful of earth on the site of Chicago's new wholesale center

IT MUST have been 30 years ago. Marshall Field walked down the aisle one morning and motioned for me to follow him into his office, where he asked my opinion about a matter of policy.

To make the matter clear, it is necessary to explain in part the merchandising line-up in Chicago at that time. Marshall Field and Company was dominant, and occupied, as at present, the entire block fronting on State Street. In the middle of the next block south was an enterprising competitor. An old building tenanted chiefly by doctors and

dentists stood on the corner south of them; Mr. Field owned it. I handled the leases and collected rentals in this building, as on all of Mr. Field's property, and his question had to do with it.

"Our competitor," he explained, "wants to expand. He is after that corner. What do you think of letting him have it?"

I objected. "No," I said, "Don't let him have it. If he gets that corner, his competition may become much more troublesome."

Mr. Field's reply surprised me by the breadth of his view. "That is where

you're wrong, young man," he said. "I'm going to let him have it."

He mustered his reasons. We were bound to have competition, he explained, no matter what we did. He argued that it was to our interest to concentrate competitors near us.

Competitors help us

"IF WE do anything to thwart their growth in this neighborhood," he said, "they will go elsewhere—and draw crowds of customers after them. Better to keep them near us. Let them help draw people *here*."

"If the crowds come here and we are not able to get our share of the business, it will be because we do not deserve to have it."

Later another department store lost its lease; the concern was in danger of having to move to a distance. Again Mr. Field stepped in, mindful of the same policy, and kept them for neighbors by enabling them to locate on some other property which he owned.

The result, due in large measure to Mr. Field's early vision, is State Street. In all the world there is nothing else quite like State Street. The *Rue de la Paix* in Paris perhaps most nearly resembles it, but is not its equal.

The basic idea of State Street is concentration, the physical grouping of similar businesses. It is a vast retail center. As all the great department stores are within a stone's throw of one another, shopping is easy for buyers, profitable for sellers. The ruling policy is not to shut out competition, nor to hamper it artificially, but to welcome it, and by good merchandising get a fair share of the great volume of business created because competitors are so thick.

This lesson learned from Marshall Field at first hand during impressionable years, was not easily forgotten. I often had occasion to recall it. The story I have to tell, follows directly from it.

In recent years, our business faced a large problem. The wholesale department had outgrown quarters originally provided for it and overflowed into a number of other buildings which we occupied wholly or in part. To bring these separate units together under one roof, we decided to build.

While we were planning the new building Mr. Field's policy recurred to us. Since concentration had proved so useful in retailing, might not the principle be equally valuable in whole-

salings? In other words might it not be good business to build, not for ourselves alone, but to house a host of wholesalers and manufacturers in related lines.

The idea was broached to various executives in other businesses, and appealed to them. After exhaustive studies, we went ahead. The practical result is Chicago's Merchandise Mart, now under construction, which we feel represents nothing short of a revolution in distribution.

The main feature of the Merchandise Mart is its size. It will have a floor area of approximately 4,000,000 square feet, and is said to be twice as large as any other commercial building in the world. They tell me that the 458 caissons which were sunk are more than twice the num-

ber ever before used in the foundation of a building.

The site, chosen after elaborate surveys, includes air rights over the Chicago and North Western Railway Company's freight terminal. When completed, the building will house more than 1,000 firms engaged in related general merchandise lines, and they will have something like six and one-half miles of window displays.

Marshall Field and Company's wholesale department will occupy half the total space. The selection of tenants, and their grouping by floors within the building, will make the Mart, in effect, a department store for stores.

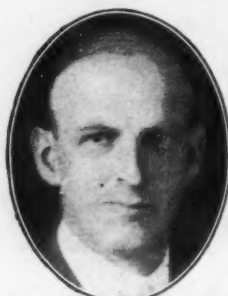
Its location is strategic. It is at the center of an area which contains within

Business Men You Have Read About



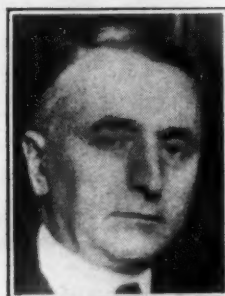
HE HOPS

Flying around Asia, Europe, Africa, and such places is the pastime of Van Lear Black, of Baltimore, chairman of the Baltimore Sun publishing board. Besides publishing and flying, he banks



REORGANIZER

Finding centralized control inefficient, G. G. Freeman, president of the W. T. Grant department store chain, announces a new decentralization policy which sets up four regional offices



PACIFIC

Jerome D. Greene, New York banker, is the new chairman of the American Council, Institute of Pacific Relations. Formerly with the Reparations Commission, he succeeds Dr. R. L. Wilbur



25 YEARS

Munson Havens, of Cleveland, is rounding out a quarter of a century as secretary of the Cleveland Chamber of Commerce. He is the author of several text books, novels, biographies



NEW BERTH

David A. Crawford of Chicago becomes president of the Pullman Company, succeeding E. F. Carry. He was secretary to Mr. Carry when the latter was an executive in American Car and Foundry



CONSOLIDATION

John J. Bernet, former blacksmith, later president of the Erie, is named to head the C. & O., which controls the Hocking Valley and Pere Marquette. He is in charge of a two-billion-dollar system

a night's journey by rail and four hours by air, 47 per cent of the country's population, 70 per cent of its wholesale sales, and 65 per cent of its retail outlets.

According to the last distribution census, there were 9,317 wholesale outlets in Chicago, doing a total business of almost \$5,000,000,000 a year—a turnover of merchandise at wholesale such as no other marketing center in the country has ever recorded.

A town in one building

NUMEROUS services will be provided within the building. It will house a bank, several restaurants equipped to feed 10,000 persons daily, a merchants' club, telephone offices and telephones, con-

vention hall, exhibition halls, a branch post office, barber shop, drug store and various other convenience shops.

Nothing we could think of that a buyer might need in the course of a day at market, has been omitted. *But the greatest convenience of all, the one in which we are primarily interested, is concentration of related lines under one roof.*

Concentration of lines will go on even within the building. Displays and facilities have been scientifically arranged by floors, sections and departments, to save the buyer's time and energy.

The plan is that a visiting buyer can enter the Mart in the morning, attend to all his business and personal affairs during the day, do all or nearly all his buying, without leaving the shelter of

the one roof until bedtime. Think, now, what this means for merchants who have been accustomed to spend a week or more at markets two or three times a year. Every buyer knows the loss of time and the wear and tear on his energy that occur when his wholesale sources are scattered all over town. Arrange his call lists as he will, he can visit only three or four houses in a day.

When he is through, he may be tantalized by the fear that he has passed up something important in sales rooms too far out of the way to be squeezed into his program of calls. All this tends to make going to market look like a big job, and discourages frequent trips.

A buyer within a radius of 500 miles of the Merchandise Mart, however, can catch a night train, spend the next day at market, and be at home the following morning if he chooses—positive that he has seen practically all the market has to offer, in lines that interest him. The tendency, therefore, will be for him to come to market more often.

Nearer merchants, one located, say, in Elkhart, Ind., can catch a morning train, spend several hours at the Mart, and be at home the same evening after visiting dozens of sources.

This, then, is how we are working out in the wholesale field, Marshall Field's policy of concentration. I suspect that this policy, whether developed in this or other ways, will necessarily be a dominant factor in the drive for increased distribution efficiency in all lines.

It is growing everywhere

WE SEE examples of the tendency every day in the "automobile row" existing in nearly every city; in office buildings devoted to special lines, such as the Insurance Exchange and the Railway Exchange in Chicago; in money centers such as Wall Street and LaSalle Street; in the Garment Center and the Cotton Goods Center in New York.

The American Furniture Mart, in Chicago, is the outstanding previous example of concentration in one building. It is a vast building, housing more than 700 furniture manufacturers who show their products side by side.

A fundamental function of the Merchandise Mart, then, as a factor in distribution, is to make "going to market" almost as easy and convenient as "going to the store" now is for the consumer. Concentration is the method. The result should be savings of

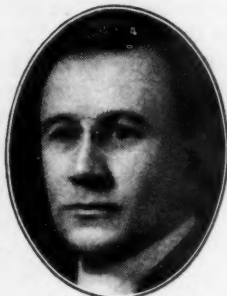
(Continued on page 108)

In the Passing News of the Month



MITCHELL'S AIDE

Business will learn more of J. Lord O'Brian, of Buffalo, who has been named assistant to Attorney General Mitchell. He succeeds W. J. Donovan, and will direct antitrust cases



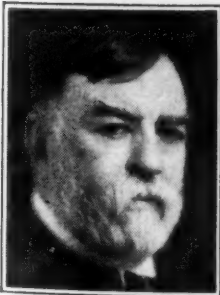
AIDS SCIENCE

The "greatest lay patron of chemistry in this country" the American Chemical Society says of F. P. Garvan of New York, awarding him the Priestly Medal. He heads the Chemical Foundation



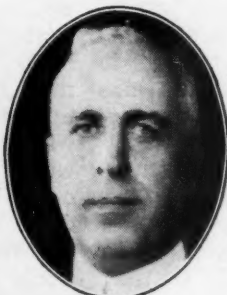
ANOTHER MERGER

A merger of the first degree brought the Seaboard Bank and Equitable Trust, of New York, under the presidency of Chellis A. Austin. He began as a messenger, then took to railroading



OLD CHAMBER

In 1768, the New York State Chamber of Commerce was founded, partly to resist British tyranny. Recently L. F. Loree, president, Delaware & Hudson, was reelected head of that flourishing chamber



AIR PLANS

If Congress will ship the Hawaiian mail by air, Goodyear-Zeppelin of Akron, will spend millions to carry it, says Paul W. Litchfield, president. He is a newly elected National Chamber director



RETURNS

At 12, Samuel R. Rosoff peeled potatoes in steerage to get to America from Russia. A wealthy contractor, he now returns to Russia to seek a \$200,000,000 contract for Moscow subway and waterworks

Another Way to Prosperity

A reply to the plan suggested by Foster and Catchings★

By S. S. GARRETT

Professor of Engineering, Sibley School, Cornell University

"I HAVE been talking with Fred Connor," reported the Governor's Personal Representative. "He gave me an idea that I thought worth passing along."

"All right," said the Governor, "let's hear it."

"Fred thinks," resumed the P. R., "that we can end unemployment, keep industry running full blast all the time, and speed up progress, if we will use public work as a sort of balance wheel for private industry."

"The idea is to go slowly on public construction when private industry is booming, and to jump into the gap with heavy public spending when private industry shows signs of slackening."

"Connor disappoints me," said the Governor.

"How so?"

"Well, he has been proclaiming for half a dozen years that he has discovered the secret of industrial fluctuations. Now he suggests something that could not possibly do what he expects, and could do a lot of harm."

"Aren't you a little hasty in damning the idea," put in the P. R. "It seemed to me that Fred made a pretty good case. As he says, 'there must be a way out.' Are you so sure he hasn't found it?"

"Quite sure," said the Governor. "In the first place, the idea is old. Some of the German states tried it before the War and accomplished nothing startling. In the second place we know pretty well that what is really needed to regulate business activity is something quite different from Connor's proposal."

"What's wrong with his scheme?"

Might hurt public works

"WELL, for one thing, he forgets that both public and private work range all the way from essential to harmful and that neither is intrinsically more needed than the other. That being so, there is some best division between them, of the man power available. Suppose Connor's

plan were adopted and a business boom developed. It might happen that all the public work under way was important and needed. But we should have to stop some of it. The boom might still persist. Then we should have to cut out some still more important public work. If the boom still persisted, we might have it with us when we had cut public work to the bone. Nothing useful would have been accomplished; the more important work would have given place to the less important; and the morale of the public service would be badly shattered.

"Of course the crucial test of Connor's plan comes when we try to prevent a business slump. Here we find that under conditions which are not unlikely, the plan would be not only useless but would add to our troubles."

"Leaving out of account such rare happenings as the World War, depression nearly always comes because the money supply does not expand fast enough. This situation in a politically stable community with a well developed banking system comes only when bank reserves fall near the minimum which law or banking experience regards as the danger point."

Getting into trouble

"SUPPOSE that in a country like our own, in which both the working population and per capita production are rising, the available bank reserves fall to the danger point, and that at the same time gold is flowing out of the country. Then the banks must contract loans."

"This will decrease the amount of money available for spending. But as we know from the statistical researches of Carl Snyder people spend money more slowly when banks begin to contract loans. Therefore, the volume of buying, measured in dollars, falls off."

"The only way everyone can be kept at work in this situation, is for prices to fall enough so that the reduced buying will still absorb the full product of industry. But if prices were to drop and wages to remain unchanged, profit margins would be narrowed. Some producers already operating on an unsatisfactory margin (there are always such) would give up the struggle. Many of those who continued to operate would

abandon contemplated extensions and improvements. Thus the construction and equipment industries would go into the dumps."

"The whole trouble could be prevented, of course, if labor would allow wages to fall as much and as rapidly as commodity prices, but workers cannot be expected to do this. Actually they resist until increasing unemployment and the resulting competition for jobs force them to yield."

"If workers were strongly organized and aggressively led it might be that not even a large increase in unemployment would force them to accept wage cuts. In that case, the abnormally high volume of business failures and voluntary abandonments combined with the fact that nobody would start new ventures or extend old ones would gradually bring production down to a point where the product could be sold at better prices."

"But this would leave part of the labor force permanently out of work. In our own country only a small part of the working force is organized and of these at least a part have leaders who recognize the practical wisdom of allowing wage cuts when unemployment is heavy. We could count, therefore, that in a situation such as this the wage level, following the price level downward, would presently reach a point where all workers could be again employed."

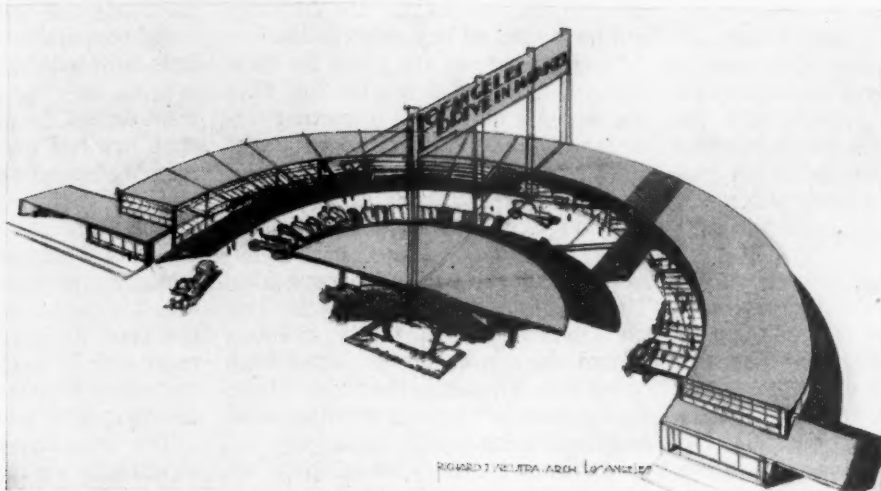
"But suppose that when unemployment first appeared we began to speed up public work, taking on all workers who applied. Then pretty generally workers would refuse to accept wage cuts. Producers' costs would not come down."

"Meantime the new public work would have to be financed and, to do this, the banks would have to call in more private loans. This would bring a further contracting of private enterprises and a new batch of unemployed for the Government to take on. Government work would continue to swell and private enterprises to shrink until the Government recognized the futility of its efforts and quit."

"When finally the experiment was abandoned, and we surveyed the ruins we should see that we only had pro-

(Continued from page 94)

*See "One Way to Prosperity" by William T. Foster and Waddill Catchings, page 17 of the May, 1929, NATION'S BUSINESS; also "Through the Editor's Specs," page 185 of this issue.



This market, designed to cater to motorists, is a complete shopping unit

Stores the Road Passes Through

By WILLARD D. MORGAN

THE SMALL town of yesterday had no traffic jams or parking problems. The shopper tied his horse to a hitching post and walked into a store to make his purchases at his leisure. Small towns and cities knew the crowded sidewalks of Saturday evenings. Merchants rejoiced.

Into this pleasant picture labored the early automobile which was replaced presently by one that labored less and then by whole droves of automobiles. The hitching post became a "no parking" sign and the water trough a filling station.

People could come from great distances to do their shopping but it developed that they had no place to park when they got there. The merchant on Main Street found that congestion on the paving in front of his store did not mean congestion in the aisles inside. The dollars that once made merry music in his cash registers were dropping into the pockets of suburban merchants outside whose doors a shopper could park a car.

The centrally located merchant faced the problem of making shopping more convenient and attractive. A Los Angeles grocer thought deeply on this. His store was in a congested traffic area. As the traffic increased his sales diminished. People could not leave their cars to enter his store. Obviously he could not take his store out to the cars. But he could bring the cars into his store. Eureka!

Braving the warnings of his friends, he left the crowded street for one even more crowded, an area in which no business could survive. An area charted and lighthoused as a "dead area."

There he opened the first drive-in market in Los Angeles, a place where a motorist could buy groceries, meats, vegetables, drugs and get his car serviced. In eight months that merchant took his family on a summer vacation to Europe leaving his store in able hands to compete with the scores of other drive-in markets that had been established on all the main highways of the city.

Springing up in other towns

OTHER towns, watching the success of these markets, took up the idea. Now similar establishments are being built in a number of southern and eastern states. They may alter the buying habit of a nation. In them the motorist finds a complete merchandising unit. He may buy food, drugs, meat, bakery goods, get a haircut or leave a suit to be cleaned and pressed while he is getting his car greased or a tire changed. If he does not wish to leave his machine, he may get service while still at the wheel.

The cash-and-carry business is thriving. Moreover, the customer, seeing a variety of wares in a compact unit, is encouraged to buy more. The drive-in markets keep open profitably day and night.

Financing firms are encouraging investments in these enterprises.

"Our figures show that the income value of a drive-in market is about four times the amount which would come from the usual street front store in the same location," says William H. James, member of a firm that has financed

many of these markets in Los Angeles. "We are willing to finance a motor-in market at any time, provided the buying conditions in the location justify it.

"It is possible to pick out a vacant lot on some main traffic artery and figure out the possible income value before building. In this way considerable property has been put on an income basis. Within a few years anything from a toothpick to an automobile may be purchased in these stores. The motorist may even do his banking that way."

However, just any vacant lot is not a good place for a drive-in market, in the opinion of Richard J. Neutra, an architect who has become interested in the new form of selling.

"A major traffic intersection with stop and go signals is to be avoided in most cases," he says. "The motorist's attention is concentrated on the traffic policemen, the lights, or traffic instead of on displays in the nearby market. The surrounding residential section must be considered, too, as it must augment the traffic trade. The market must be on the right hand side of the street for outbound traffic because the majority of customers buy on their way home from the central business district."

"In addition the market must have plenty of light during the day and evening, and must have a spacious, busy-looking appearance which will attract motorists."

The drive-in market brought many problems for builders and architects to solve. Among these were displays, location, parking conveniences, delivery accommodations, structure and manage-

ment. Some of the earlier markets carried over unfortunate habits from the street-front type of store. They were in too many divisions and frequently supporting columns interfered with the free movement of customers who drove in. These earlier markets did not give the feeling of a coordinated purchasing center in which the entire plan became a complete unit.

Lessons were learned from them. The most successful drive-in markets have been constructed so that all departments can be seen easily from the street. It has been found that, to be inviting to the motorist, the store must not be more than 50 or 60 feet from the street. At this distance the banks of fruits, vegetables, pyramided canned goods and colorful tiled counters may carry their full advertising effect and present the market as one unit. All counters should be continuous, from one depart-

ment to the next so that the customer will be invited to buy more goods.

"In working out the plans for these markets," Mr. Neutra said, "we have discovered a number of important features which have a direct appeal to the motorist who is anxious to make his purchases in attractive surroundings and with the greatest speed. All front supporting columns have been eliminated so that the market looks spacious. The roof has been extended nearly two car lengths beyond the display counters so that the customer is protected from sun or rain. Mirrors in the ceiling above the counters give greater depth and add additional color to the displays.

"To liven up the whole display, we have installed central rotating beacons with changing colors which sweep back and forth along the band of illuminated signs. No matter from what angle the customer enters this market, he is im-

mediately able to see the entire area."

As most of the motor-in markets have been built in localities where the climate is mild, they have developed the open front design. However, for states where open markets would not serve for year round selling, the drive-through or drive-under market has been designed. Several of these are already operating in the East. A customer drives into these markets and makes his purchases from the side aisles. A market of this type has been designed in which the basement area is used for parking space for customers who patronize the shops on the main floor level.

The drive-in markets are proving a logical solution to the parking problem and many other present day merchandizing puzzles. Whether or not they will alter shopping habits, merchants everywhere will watch them with deep interest.

World Business Pools Opinions

MORE than one thousand business leaders representing 45 nations, called together by the Fifth Congress of the International Chamber of Commerce, will meet in Amsterdam July 8 to 13 to pool their ideas and opinions for the solution of world economic problems.

Preceding the formal opening of the Congress, certain committees will hold informal meetings Sunday, July 7. Among these will be the Standing Committee on Public and Private Ownership and the Preparatory Committee on Chinese Affairs. Probably the most important work of the Congress will hinge on their reports.

The Committee on Public and Private Ownership is completing a two-year investigation carried on in several countries to determine the relative merits of public and private operation and preliminary reports indicate a growing conviction throughout the world that relations of government and industry may be improved through the release to private initiative of undertakings now in the hands of the state.

A preliminary report prepared by the American Committee, of which Thomas W. Lamont, is chairman, sets forth the present situation in the United States. Julius H. Barnes, vice president of the International Chamber for the United States and chairman of the Board of the National Chamber, will present a summary of American experience in the field of government operation.

With respect to Chinese affairs, the International Chamber has, for more than a year, been studying means of collaborating with Chinese business men in the interest both of China and other countries. H. Rud du Mosch, representing business interests of the Netherlands, and Alberto Pirelli, of Italy, retiring president of the International Chamber, will serve as chairmen of the plenary session which will discuss this subject.

Among the speakers will be K. P. Chen, founder and general manager of the Shanghai Savings Bank, member of the Chinese Advisory Committee of Shanghai Municipal Council and representative of Chinese bankers with the Ministry of Communications.

Other fully accredited delegates from Chinese business organizations will attend and take active part in the discussions in the hope that means may be found to restore stable economic conditions in China.

To consider trade obstacles

THE Congress will review the progress made in the two years since the World Economic Conference with respect to the elimination of obstacles to trade which arose largely as a result of the war and which still exist in many countries.

Renewed efforts are being made to bring about greater uniformity in international trade machinery and the International Chamber headquarters reports

that the outlook in this direction is encouraging.

It has been suggested that a special international conference be called to consider what is to be done about such matters as customs nomenclature, application of specific and ad valorem duties, imposition of customs fines and related matters. Other matters to be discussed include double taxation, transportation and communication and international fiscal affairs.

Already considerable progress has been made in eliminating double taxation. Since the International Chamber began the movement to eliminate levies on the same property or income by two or more governments a number of countries have revised their revenue laws to forego absolutely, or on a reciprocal basis taxes on property and income subject to the jurisdiction of more than one country. More than a dozen countries have adopted international agreements improving tax policies.

The American Committee, with the cooperation of the Finance Department of the United States Chamber of Commerce, is submitting a report identifying principles upon which it believes sufficient unanimity of opinion has been established to serve as a guide to business men of all countries in obtaining revision of national laws on this subject.

The American delegation to the Congress will include more than 140 business leaders. More than half of this number will sail on the S. S. *Statendam* June 29.

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The Commodity Exchange provides a free, open, and instantaneous market for cotton

The Why of Commodity Exchanges

By JULIUS B. BAER

Counsel for the Rubber Exchange of New York, Inc., National Raw
Silk Exchange, Inc., and National Metal Exchange, Inc.

MODERN commodity exchanges exist because goods are carried by train instead of by wagon; because they are shipped across the ocean by steamship instead of by sailing vessel; because intelligence is transmitted by telegraph, telephone, cable and radio instead of by stage coach and sailing packet.

The application of steam to transportation and electricity to communication revolutionized the physical distribution of goods; it indirectly revolutionized methods of marketing. This influence on marketing may be summed up in a few words—the world has been made smaller and the risks of business have been increased.

Local fairs and markets existed in the Middle Ages but reduction of time and distance has united areas into country-wide markets and nations into world markets.

As the productive areas of the West and South were developed the increased crops of grain and cotton created new problems and hazards in marketing. Wheat and cotton were grown in excess of domestic needs. Surpluses remained to be sold in the world's markets. Time dealings arose and with time dealings the hazards of price change increased.

Insures against price change

THE hazard of price change is a product of the factor of time dealing and the "higgling of the market" representing shifting forces of supply and demand. A dealer who buys at \$1.00 a unit of a commodity which he expects to sell at \$1.10, retaining part of the 10 cents as his profit, is exposed to a price hazard unless he is reasonably certain that he can in fact sell his commodity for \$1.10.

If the price of his commodity is volatile, it may decline sufficiently between

the time he buys and the time he sells to wipe out his profit or cause him an actual loss.

The Chicago Board of Trade was organized in 1848 and trading in cash grain and in grain to arrive was thenceforth carried on in this organized market. But extension of grain-growing areas and the building of railroads caused increasing accumulations of grain at the lake port. Grain elevators were necessary to store the supplies.

The receipts issued by the elevators at first represented specific lots of grain. Later on as standardized grades were recognized and accepted by the trade, these receipts represented grain of a designated number of bushels without reference to any specific lot. The receipts representing title to the grain were transferable and hence dealing was facilitated by the ability to deliver receipts against sales and to borrow receipts against sales for future delivery. In like manner the

development of steam shipping and the trans-Atlantic cable revolutionized cotton marketing methods.

Contracts were made in New York for cotton to sail from a southern port in some given month and active trading in these contracts was carried on. Then the organization of the New York Cotton Exchange followed a few years after the adoption of rules for organized trading in futures on the Chicago Board of Trade.

Since the establishment of futures trading in wheat and cotton, exchanges have been organized for trading in numerous other commodities, both import and export. The Minneapolis Chamber of Commerce, the Kansas City Board of Trade, the Winnipeg Grain Exchange and other bodies carry on trading in grain futures; coffee and sugar find a market on the New York Coffee and Sugar Exchange; rubber, silk, tin, cottonseed oil, cocoa, mess pork, butter and eggs all have organized exchanges for trading in futures.

These exchanges are recognized as important links in the system of distribution. They afford invaluable advantages to dealer, manufacturer, producer and consumer. Yet, because of the lack of a thorough understanding of futures trading the benefits offered by exchange fa-

cilities are not yet enjoyed by all who could use them to advantage.

In the case of seasonal crops the exchanges provide the machinery for carrying the surplus over from the harvest season until it is needed by the consumer. In every trade where a commodity exchange exists, it enables dealer and manufacturer to insure against price risks. By providing a market place where the commodity may be sold at a moment's notice, the exchange renders the

commodity as liquid as a bond or a stock listed on an organized stock exchange.

The continuous publication of price quotations links together markets in widely separated centers and keeps prices in one center in line with those in every other.

This is not an exhaustive category of the services of the modern commodity exchange, but it is a summary of its more important functions to which it

(Continued on page 132)

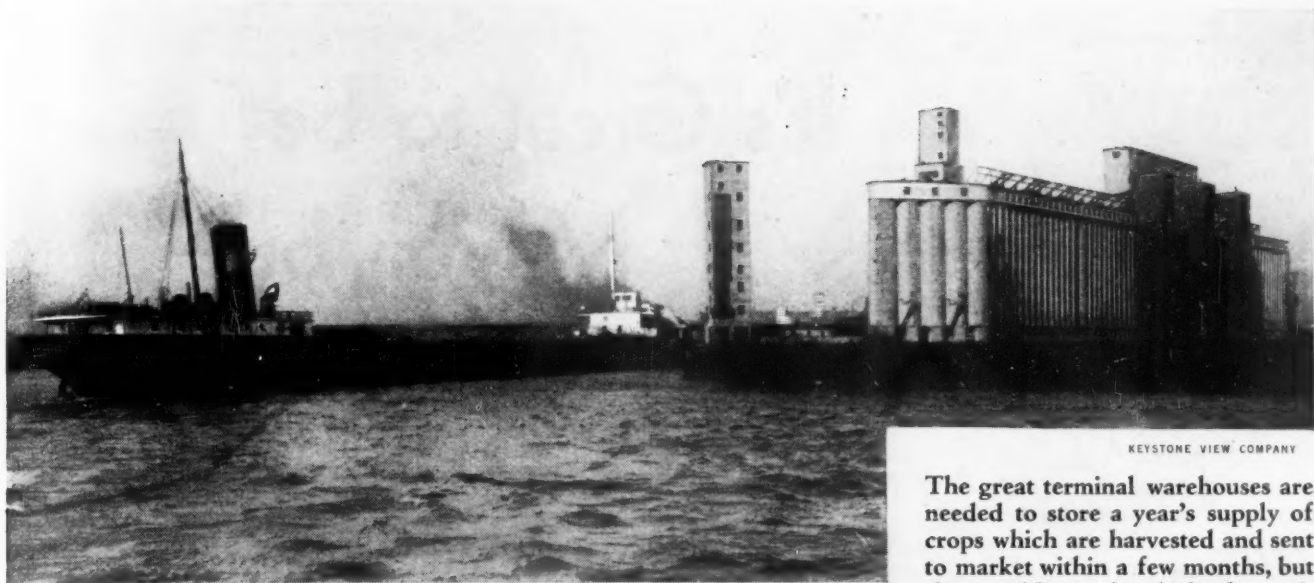
The producer of a seasonal crop could not afford to carry it until the consumer buys. He must have a market large enough to take an entire year's production at once



KEYSTONE VIEW COMPANY

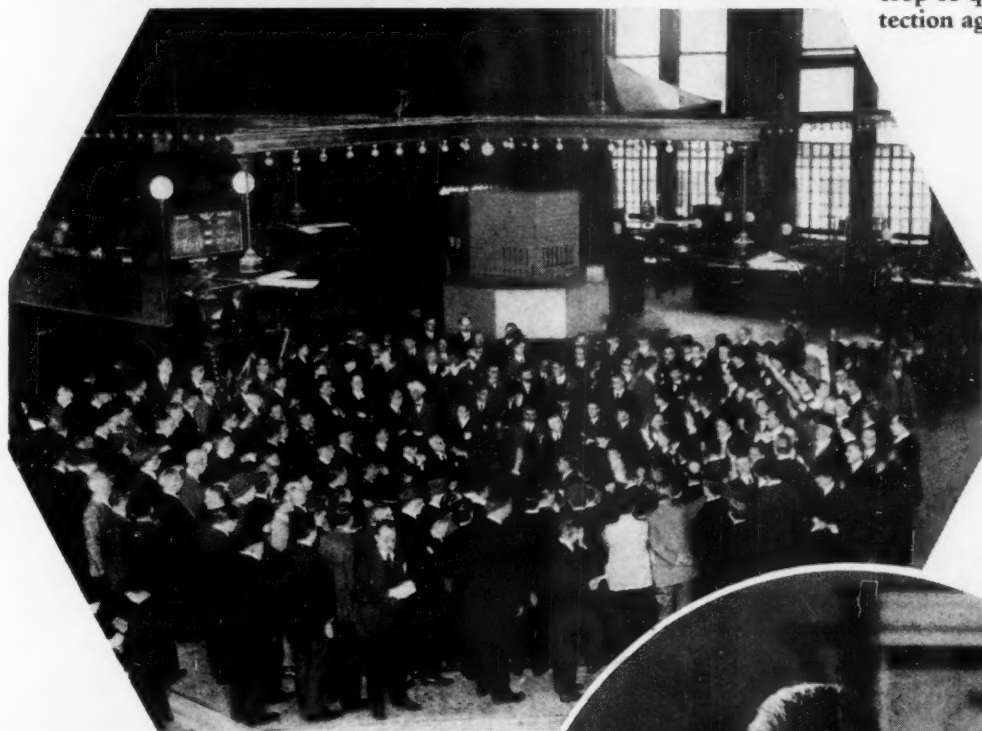
The miller buys grain on a producer's market and sells on a consumer's market. If he is to profit on his product he must have insurance against a fall in price between the time he buys grain and the time he sells flour

The Place of the Commodity Exchange in



KEYSTONE VIEW COMPANY

The great terminal warehouses are needed to store a year's supply of crops which are harvested and sent to market within a few months, but they could not absorb the farmer's crop so quickly without secure protection against a fall in prices



BROWN BROS.,
NEW YORK

The Commodity Exchange is an invaluable auxiliary in the marketing of world commodities. It enables dealer and manufacturer to insure against adverse price changes and to store the surplus crop until the consumer needs it. By providing a market where the commodity may be sold at a moment's notice it makes the commodity as liquid as a listed stock or bond



UNDERWOOD AND UNDERWOOD

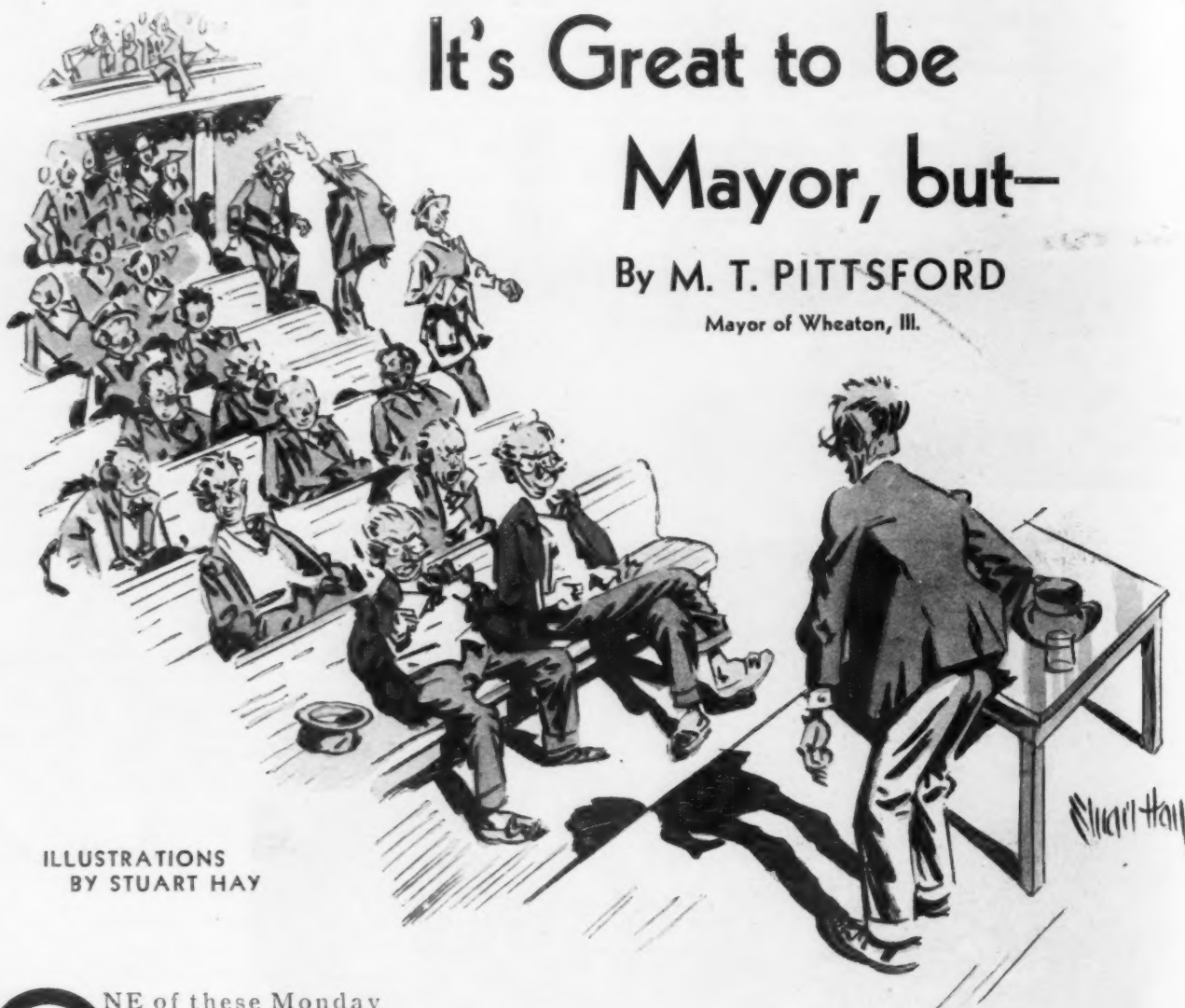
Crops come to market only in the fall, yet are handled so economically that the supply does not fail or prices vary from day to day

in the Economic Picture

It's Great to be Mayor, but—

By M. T. PITTSFORD

Mayor of Wheaton, Ill.



ILLUSTRATIONS
BY STUART HAY

ONE of these Monday nights the city council of Wheaton, Illinois, will convene under its *next* mayor. That's the Monday night I plan to spend quietly at home as a plain, garden variety of citizen, and reread a certain chapter of "Don Quixote." Where he fights the windmills.

I shall appreciate that classic incident more than ever before. For my first 90 days as mayor showed me how it feels to fight windmills.

The average business man, drafted for mayor of his home town, will understand. But for the benefit of any reader who may not yet have had that honor thrust upon him, let me explain.

What I mean is this. A property owner, assessed \$15 a front foot for improvements, might well complain. But when the same man objects even more strongly to a perfectly logical improvement costing him *fifty cents* a foot, there's only one conclusion to be reached. The man is kicking simply because it *is* an improvement. To fight this sort of thing is just as futile as lunging at windmills.

Unfortunately, it took me nearly three months to realize this. When finally the truth dawned, it came as a life saver. I

Spectators at a council meeting are always against the mayor—otherwise they wouldn't be there. They are angry about something

have been able, ever since, to step aside, occasionally, and view the whole serio-comic situation from the standpoint of a third person.

Unless a mayor can do that, his job will "get" him. In that case he cannot begin to do justice to the really worthwhile projects ahead of most small towns.

Those projects are most worth while. Yet I doubt if five per cent of us small towners really appreciate the importance to the country of our floundering efforts toward efficient self-government.

What small cities are doing

WHEATON is a typical example. It is 25 miles from Chicago, its population—8,000, with a natural, steady growth. Special assessment work for 1927 totaled \$1,234,449.41, involving fifteen miles of paving, ten miles of sewers; three miles of water mains; nearly 100 elec-

tric light poles; seven miles of new sidewalks, and so on.

Add to these routine improvement activities a general corporation disbursement of \$121,305.41; water works, \$37,571.29; new reservoir, \$15,000, and you see that the volume of business conducted was not far from the million and a half mark.

Wheaton is only one of possibly 400 small cities of similar size throughout the United States. With their approximately 3,500,000 citizens, the business involved must amount to something like half a billion dollars in annual civic activities.

Isn't it reasonable that there should be a healthy movement toward drafting business men for mayors instead of throwing the job to the tender mercies of politicians? I say "drafting" business men.

Unfortunately, one doesn't have to draft professional politicians. They're

CHEVROLET

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Chevrolet Six-Cylinder Trucks have set a new standard for performance in the low-price field. The new six-cylinder valve-in-head motor is smooth, powerful and unusually flexible in traffic. The four-wheel brakes are quiet and positive. And steering is delightfully easy over any road.

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Chevrolet Six-Cylinder Trucks provide gasoline mileage equal to that of their famous four-cylinder predecessors. Rugged construction in every unit gives them remarkable dependability. And unusual maintenance economy is assured by inexpensive nationwide service and extremely low-priced parts.

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Chevrolet Six-Cylinder Trucks are built with an over-length, rigidly-braced, channel-steel frame. This makes possible the mounting of bodies of exceptionally large carrying capacity. And, whether the loads be of concentrated weight or of bulky materials, they are properly distributed and balanced.

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But, most remarkable of all, these new Chevrolet Trucks are *actually available in the price range of the four!* And there is a Chevrolet body type designed to meet your individual requirements. See your Chevrolet dealer today—and arrange for a trial load demonstration.

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Sedan
Delivery \$595

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1½ Ton Chassis
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A SIX IN THE PRICE RANGE OF THE FOUR!

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volunteers. But, assuming that a business man is drafted, why is it that he can't seem to put the same efficiency into city government that he uses successfully in his private enterprises?

Well, from my own experience—fairly typical, no doubt—the tumult and shouting of a small town election scarcely dies before he finds himself face to face with a situation which, to put it mildly, is quaint.

In frontier days they had a heart. "Don't shoot the piano player," they used to say, "he's doing the best he can!" But once he's elected, the new mayor gets no such break.

They just know he's crooked

OF COURSE there are reasons, three, at least. The first is a small but invariable group of citizens who live on hunches. They're the "feel it in my bones" boys, and the one thing they're sure to feel in their bones is that a man simply must have some ulterior motive in permitting himself to be drafted for mayor.

No matter how sincere the victim may be in wishing to serve the community that has helped him make his private business a success, the glad news filters back to him, delicately or otherwise, that he's "in it for the money." In short, he's a grafter. Otherwise, they argue, why should any *business* man consent to devote half his time to his town—at \$250 a year?

The only thing about city government that they fully appreciate is the

chance for easy graft that even a small town presents. Not that I blame them. In the six years I have been mayor of Wheaton I might quite easily have made \$150,000 "on the side."

Reason number two. The new business mayor is quite certain to get in bad for a while whichever way he handles the ticklish question of his political "machine."

Many of my friends insisted that I immediately strengthen the organization they had started in my behalf. This I refused to do. Instead, I tried to pick the best men from both parties for the city jobs, without regard to where they stood before election. I presume this was a terrible thing to do. But now I know that in the long run the town has benefited.

Reason number three. Lack of the right kind of cooperation. Among those who put the brakes on small town progress are the chaps who are pound wise and penny foolish, all right in their own affairs but just the opposite when the community is at stake.

Shrewd enough to employ the best architect for their own residences and so get full value for their money, they'll show signs of civic apoplexy if the town proposes to pay a thousand dollar fee to an expert consulting engineer on a \$250,000 sewer project.

Nevertheless, their cooperation is more useful than that of another and more surprising type of good citizen,



"He's in it for the graft, why else would he take the job at \$250 a year?"

many of whom I like to number among my friends.

In this class are mighty capable executives, but they are responsible only to themselves. Just set them to putting through some town project and watch their natural effectiveness peter out to sub-zero.

The know-it-all boys

BUT PERHAPS the most hopeless co-operators are well meaning conversationalists who know exactly how everything ought to be done. Ask them anything and out clicks the answer like an adding machine. Often you don't even have to ask. Fortunately, however, they are really the easiest to control. All that is necessary is to give them something to do. Not that they were ever known to take it. But there's peace and quiet in the household for a while, at least.

I've discovered curious things about excellent folk whom I thought I'd known well for years. That's one of the funny things about this job of mayor—if you look at it from the funny angle.

But for sheer, downright humor give me the council meetings. They occur each Monday night and are open to the public, thus affording everyone a chance to be heard. Students of "this so-called human race" can find a rare laboratory in the average small town council meeting.

If the hall is empty, the mayor feels, "Well, that's all anyone cares about my efforts to run this town." On the other hand, if a crowd's on hand, it's a safe bet that his audience is packed against him. Otherwise they wouldn't be there. Observing a square-



Isn't it reasonable that business men should be drafted as mayors rather than leave the job to the tender mercies of politicians?

Willys Overland Finds Masterbuilt Floors the Most Profitable Investment

IN the Willys Overland plant at Los Angeles, this loading platform is subjected to heavy industrial traffic. After a thorough analysis of initial costs, final costs,

and serviceability, Masterbuilt concrete floors were installed to carry this traffic.

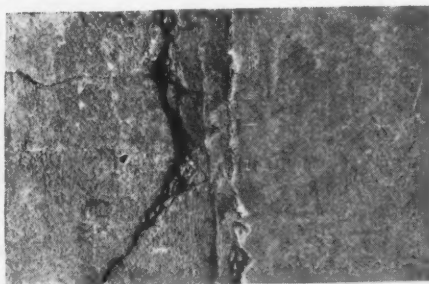
The loading platform is but one part of a total area of 265,000 sq. ft. of integrally hardened Masterbuilt floors laid in this plant. Resistance to abrasive wear has been provided at the time the floor was laid. For years to come, the tough ductile metallic aggregate, made an integral part of the floor itself, will be carrying the traffic, taking the wear and tear, and maintaining a smooth, waterproof, dustproof surface.

Masterbuilt floors are the result of 20 years specialized research in the permanent hardening and wearproofing of concrete. Their economy



in maintenance, their freedom from repairs, replacements and resulting delays in production, have won for them the preference of hundreds of American businesses.

General Electric, Firestone, Parke-Davis, Westinghouse, Pennsylvania Railroad and similar representative companies find that Masterbuilt floors meet their exacting requirements. At an initial cost but slightly higher than plain concrete, these firms have found Masterbuilt floors to be the profitable floor investment.



Two sections of a concrete floor installed side by side. Both sections have borne the same volume of traffic for seven years. The Masterbuilt floor at the right is still intact, repaying its cost again and again in repair-free service.



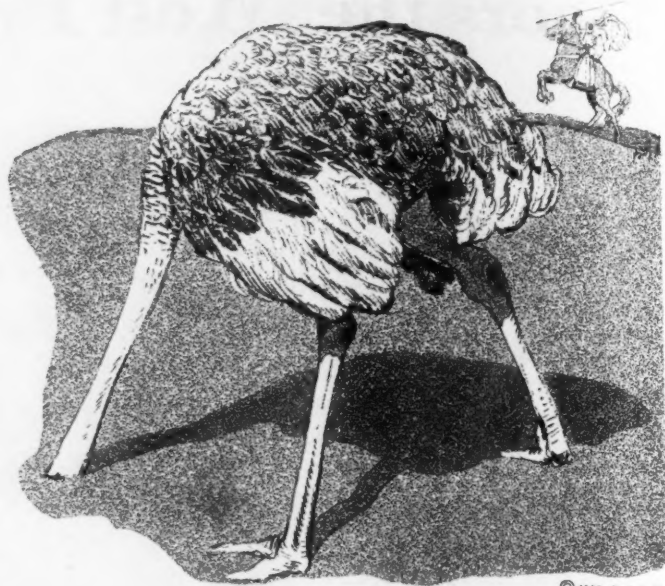
Send for a copy of a 24-page book, "The Fifth Ingredient", which discusses the causes and prevention of wear on industrial concrete floors.

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Cancer—Ostriches

THE old notion that ostriches have the habit of hiding their heads in the sand in time of danger has been disproved again and again. Nevertheless the expression "hiding his head in the sand like an ostrich" aptly describes the man who seeks to avoid danger by refusing to recognize it when it comes.



© 1929, N. L. I. Co.

EACH year thousands of people die of cancer—needlessly—because they accept as true some of the mistaken beliefs about this disease.

No. 1—That every case of cancer is hopeless. It is not.

No. 2—That cancer should be concealed because it results from a blood taint and is disgraceful. It is not.

No. 3—That nature can conquer a malignant cancer unaided. It can not.

No. 4—That cancer can be cured with medicine, with a serum or with some secret procedure. It can not.

Many cancer patients are neglected or avoided because of the mistaken belief that cancer is contagious. It is not.

Be on Watch for First Signs of Cancer

Be suspicious of all abnormal lumps or swellings or sores that refuse to heal, or unusual discharges from any part of the body. Do not neglect any strange growth. Look out for moles, old scars, birthmarks or warts that change in shape, appearance or size.

If you have jagged or broken teeth, have them smoothed off or removed. Continued irritation of the tongue or any other part of the body is often the beginning of cancer trouble.

In its early stages, various kinds of cancer yield to skilful use of surgery, radium or x-rays. Frequently a combination of surgery

and x-rays or radium saves lives that would otherwise be lost. But with all their skill and with their splendid records of success, the best doctors in the world are powerless unless their aid is sought in time.

Beware of Plausible Quacks

Because cancer is usually spoken of furtively or in confidence, and because its nature and origin are largely shrouded in mystery, quacks and crooked institutions reap a cruel harvest. They prey upon the fear and ignorance of those who do not know the facts concerning cancer. They are often successful in making people believe that they have cancer when they have not. Later, with a great flourish, they boast of their "cures".

Gratefully the patients of the fakers, first thoroughly alarmed, later entirely reassured, are glad to sign testimonials with which new victims are trapped. Beware of those who advertise cancer cures.

An annual physical examination by your family physician, or the expert to whom he sends you, may be the means of detecting cancer in its early stages. Do not neglect it.

Send for the Metropolitan's booklet, "A Message of Hope". Address Booklet Department, 79-U, Metropolitan Life Insurance Company, New York, N. Y.



METROPOLITAN LIFE INSURANCE COMPANY—NEW YORK

Biggest in the World, More Assets, More Policyholders, More Insurance in force, More new Insurance each year

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jawed group of good citizens seated in one corner of the room, with a sigh he calls the meeting to order. They're all very, very angry about something. Often I've longed to save time by making their speech for them. Because, no matter what the subject may turn out to be, I know from experience exactly what they're going to say. But that wouldn't be council room etiquette.

I've learned one practical plan, though. Always give them as much time as possible to cool off first. It's amazing what a few minutes delay will accomplish by way of a cooling effect.

Once I tried another experiment in applied psychology that worked pretty well. "Before we take the question up," I told one such group, "I propose that we sit still for one minute and—smile. Let's all of us smile. Just once. What d'y say?"

A business man drafted for the mayor job is quite likely to find a lot of dirty dishes to wash. Mine happened to take the form of pigeon-holed reports on badly needed streets and sewage improvements. In the years preceding, there had been a great deal of talk about these things. Investigations had been made, voluminous reports filed—and Wheaton permitted to become nationally known for the things it didn't do.

Six years ago a friend of mine from Wheaton met a Philadelphian while he was in the East.

"Where from?" asked the Philadelphian.

"Town near Chicago called Whea-

ton," my friend replied, modestly. "You never heard of it."

"Wheaton! Sa-ay, will I ever forget trying to drive through that place last Summer? Why don't you get some decent pavements in there?"

Fortunately the man from Philadelphia was unacquainted with our sewer situation at the time.

Must clean up first

SO, UPON taking the reins of office, the average business mayor is almost sure to find "dirty dishes" to wash in the form of projects killed by conversation.

All such situations he's expected to remedy at once. Amusing, perhaps, but not the attitude most helpful to a mere merchant trying to carry a few sound business principles into the administration of his small town.

Yet, by sticking to these principles until it hurts, often he can get results even if it takes longer than it should.

For example, in our town today we have an adequate sewage disposal plant; a well organized police force; a modern zoning system; a city manager to take care of details and give citizens the prompt service to which they are entitled. May I add that not even a Philadelphian can complain of our 40 miles of excellent pavements.

All this was done at a tax rate not only reasonable but even lower than in many other towns in our county.

Not that a mayor ought to claim too much credit for such things. He can

start the ball rolling and try to keep leading citizens awake to the civic possibilities within their grasp. But actual results are brought about only when all hands turn to and push untiringly toward the improvement and general rehabilitation of their community.

You get quicker results when you're just a little bit tolerant with your newly drafted business man mayor. If the piano player seems to be doing the best he can, don't shoot him. *Cooperate!*

You may gather that being mayor of your home town isn't the most popular form of recreation in the world. Quite true. It isn't.

But then, there's a silver lining, too. Here's a real tip to budding mayors—When brick-bats fly thickest it is well to remember that fellow citizens who kick up the most fuss over some proposed improvement become the most enthusiastic once the improvement is in. In a small town, as in a merchandizing business, "quality lingers long after price is forgotten."

There is even satisfaction in being mayor. I hope it's a satisfaction that grows as one looks back on his adventure.

I shouldn't wonder if the very best time to ask a man how it feels to be mayor of his home town is about 25 years after he quits—provided he recovers and survives that long. For by that time the brighter incidents will have risen to the surface of his memory. Even then he may want to qualify them a bit.

"Oh yes," he'll say, "it was fun to be mayor, but—"

Progress of the Summer Session

By FRED DeWITT SHELTON

THE SCANT docket placed before the extra session of Congress has been taken up to the point where some summary of results can be given. President Hoover asked for action on farm relief, tariff readjustment, census of 1930, and reapportionment.

Each of these subjects has been considered but the outcome has not been exactly what the President had in mind. There is a safe margin of Republican majority in the House, well organized and disposed to act as a party unit. In the Senate, however, individualism is more rampant and there is no telling what course events may take.

Farm relief

THE HOUSE quickly passed the agricultural marketing bill which was re-

garded as being in line with the President's views. The provisions for a Federal Farm Board, stabilization corporations, loans to cooperatives and crop price insurance are now well known.

The Senate, however, had its own ideas about the needs of agriculture and amended the bill to provide for payment of debentures on exports of surplus crops. So the bill spent weeks in a joint conference committee. The conferees' report excluding the debenture plan was rejected by the Senate and the bill was placed once more on the doorstep of the House. The House decisively voted debentures down after which the Senate acquiesced.

It is about eight years since the "farm bloc" launched its campaign for major legislative relief for agriculture. Several farm aid measures of secondary importance have become law. The main

thrust, however, the drive for the equalization fee, has been thwarted more than once. Finally that effort was abandoned for the bill now about to become law.

Passage now of the present bill culminated this chapter of the story of the fight of organized agriculture for economic equality. If results do not bring measurable betterment for the farmers there is good reason to believe that new agitation will start for another approach to the problem. It is worth while for business men, statesmen, and farm leaders to consider what line that new effort would take.

The administration has in mind a series of steps to deal with various phases of agricultural problems. Some of these will be attempted now and some later. The Senate has passed the Borah Bill to license commission merchants

and dealers in perishable food products whereby the Department of Agriculture would regulate dealings in a way calculated to prevent waste in distribution and fair treatment of producers. The House is expected to pass it.

A further measure of interest to agriculture is the bill sponsored by Senator McNary to strengthen the federal warehouse act to make it independent of state legislation on warehouses. The chances for enactment of this measure seem good.

Tariff legislation

WITH the announced purpose of readjusting the present tariff structure rather than attempting a wholesale revision of rates the Ways and Means Committee of the House brought in a bill which met complaints from many who wanted further benefits. Conferences for reconsideration ensued. Finally, a bill was passed by the House by nearly a solid Republican majority with the help of some tariff-minded Democrats which boosted rates on many farm products and also provided increases for several industrial items.

A feature of the House bill more important than the rates voted, perhaps, is the greater power given the President, working through a strengthened Tariff Commission, for adjusting tariff rates up or down in accordance with changed competitive factors at home and abroad. The principle of flexibility, first adopted in the Act of 1922, will be retained.

The tariff bill now is running the gamut of new hearings by the Senate Finance Committee which will continue until about July 10. After that the bill will be wide open to amendments on the floor of the Senate—an opportunity not afforded in the House. It is probable therefore, that the bill passed by the Senate will be quite different from the measure passed by the House with a distinct possibility that terms relatively more favorable to agriculture will be provided. Very likely the debenture plan rejected as part of the farm relief bill will be added to the tariff bill by the Senate and another clash with the House on this subject will occur.

While the Senate Finance Committee struggles with the tariff bill Congress as a body is looking forward to a recess of several weeks.

The 1930 census

AFTER a stirring controversy marked by sectional and racial feeling the bill for taking the 1930 census has been enacted by Congress. New features of the bill as it stands are the gathering of facts about the distribution processes of the nation and fixing the date at April, 1930, rather than May.

Tied to the census bill is provision for reapportionment of representatives of the states in the House of Repre-

sentatives. This was the proposition that stirred up the hornet's nest.

Immigration

THE CHIEF advocate of suspension of the "national origins" provision of the Immigration Act of 1924 is Senator Nye of North Dakota. He has waged the fight on the floor of the Senate to take the matter out of the hands of the Immigration Committee where Senator Reed of Pennsylvania succeeded in obtaining adverse action on the repeal proposal.

The Senate by a close vote rejected the Nye motion, so the "National Origins" clause will become operative July 1 as scheduled.

Supplementary docket

GENERALLY speaking, matters aside from those mentioned do not have the sanction of Administration leaders for passage this session. The House has not organized its committees for action on bills outside the announced program. Nevertheless, some emergency matters have been dealt with and some others have received preliminary consideration looking to enactment later.

Communications Commission

EXTENSIVE hearings have been held by the Senate Committee on Interstate Commerce, of which Senator Couzens, of Michigan, is chairman, on the bill to create a new federal commission to regulate radio, telephone, telegraph and cable companies. (See page 32.) The new body would take over the powers of the present Radio Commission.

Senator Couzens plans extension of the bill to take in regulation and control of transmission of power. There is no intention to report the bill until the next session of Congress but signs point to its enactment eventually. The Couzens committee next will investigate the affairs and operations of radio and other communications companies.

Railway consolidations

REPRESENTATIVE Parker again has introduced his bill for the voluntary consolidation of railways in form virtually the same as the one advanced in previous years. No further action on the bill, however, is planned for this session.

Futures trading on exchanges

RECENT wild fluctuations of grain prices have inspired numerous bills in Congress to curb trading in futures on produce exchanges. Representative Glover, of Arkansas, has introduced a bill similar to the Caraway Bill defeated in

the last Congress. Senator Ransdell, of Louisiana has a plan for a new federal commission which would regulate cotton exchanges and have power to revoke the licenses of the exchanges.

Other bills to regulate the exchanges have been introduced by Senators Smith, of South Carolina; Caraway, of Arkansas; Connally, of Texas; and Representatives Rankin, of Mississippi; Hudspeth, of Texas; Gross, of Texas; Vinson, of Georgia, and Dickinson, of Iowa. There is no likelihood of action by Congress at this session. (See page 47.)

Muscle Shoals

SENATOR NORRIS, of Nebraska, has revived his bill for government operation of the Muscle Shoals plant together with authority for production and sale of power and fertilizer. Such a bill was vetoed by President Coolidge in the last Congress. It has received an early start in this session by being reported from the Senate Committee on Agriculture. The Norris bill would authorize spending \$10,000,000 more for completion of the plant.

Senator Black, of Alabama, is urging a bill to permit leasing of the Muscle Shoals plant to a private corporation. Still other proposals are contemplated by the House Committee on Military Affairs.

Educational orders

SECRETARY of War Good, has requested action by Congress on the proposal for permitting the War Department to place with manufacturers "educational orders" for munitions. Representative James, of Michigan, who probably will be the chairman of the House Committee on Military Affairs, has introduced a bill of that character, as has also Senator Reed of Pennsylvania.

Motor bus operators

THE Parker bill to provide regulation of motor bus lines by the Interstate Commerce Commission has been introduced again. An effort will be made to pass the bill in the next session of Congress.

French Debt

THERE IS before Congress a bill to postpone the due date of the French Government's debt to our government for some \$400,000,000 worth of war supplies which is scheduled to be paid August 1. The move to postpone this payment is prompted by the desire to await ratification by France of the Mellon-Berenger agreement for refunding the total French debt of more than \$4,000,000,000. Committees in both the Senate and House have reported the measure favorably.



The Coupe, \$745 * Body by Fisher

SALES and distribution costs are in for a trimming. There's no real news in that statement. But with sales executives subjecting their costs to microscopic analyses in order to train them down to a healthy condition, any suggestions calculated to assist may not come amiss.

Wherefore, the cost of automobile transportation for salesmen is placed on the table. Twenty thousand miles is a conservative estimate of the distance traveled by a salesman in an automobile during the course of a year. Suppose the cost of that transportation can be reduced one cent a mile. The company maintaining only 25 salesmen automatically cuts its costs \$5,000.00 a year.

Some companies which provide Pontiac Sixes for salesmen are saving even more than one cent a mile. The reason is that the Pontiac—the New Pontiac Big Six, especially—is designed to operate economically. That's why its engine, for example, turns over only 3,162 times per mile, approximately 20% less frequently than the engines in some cars of comparable price. That's why its pistons travel only 2,045 feet per mile, more than 25% less than the pistons in cars with engines of the high speed type.

Scores of similar reasons for Pontiac economy can be given to any sales executive interested in reducing selling costs. Or if you prefer, we can show you cost records revealing, not only the causes, but the results of Pontiac economy. Write the Fleet Department for full information. Ask also for the details of our Fleet Users' Plan.

Pontiac Big Six, \$745 to \$895, f. o. b. Pontiac, Michigan, plus delivery charges.

Consider the delivered price as well as the list price when comparing automobile values . . . Oakland-Pontiac delivered prices include only reasonable charges for handling and for financing when the G. M. A. C. Time Payment Plan is used.

OAKLAND MOTOR CAR COMPANY, PONTIAC, MICHIGAN

PONTIAC

PRODUCT OF
GENERAL MOTORS

BIG SIX-\$745 AND UP

When buying a PONTIAC BIG SIX please mention Nation's Business to the dealer

UNLESS industry can find its own way to create order and justice and give industrial meaning to freedom, it seems inevitable that ultimately there will come some sort of state control

—MATTHEW WOLL



Constantin Meunier's statue of the laboring man

What Is Industry's Purpose?

By MATTHEW WOLL

Vice President, American Federation of Labor

HERE is a second article by this internationally known labor leader—an article as frankly written as the one he contributed to the *June* NATION'S BUSINESS

FEEL deeply on the subject of social legislation, the purposes of which, to my mind, are often perverted. Surely it must beget resentment when we find social legislation intended for the promotion of well-being among the masses used by industry and industrial leaders for antisocial purposes.

Compensation legislation and industrial group insurance, both intended for social purposes in industry, are being used for contrary purposes. We have a growing tendency in big industry to refuse to hire men of 40 and over, with in-

creasing difficulties for men of large families to find work.

Rates for such insurance are based on the average age of the men employed and the rates are computed annually. Rates are kept down when average ages are kept down—and so the older men have to go. What began as a beneficial thing becomes a destroyer of home and happiness, a bringer of insecurity instead of security. Also, there are pension systems that are perverted from the original purpose bringing sad results instead of encouraging results.

The danger is, I think, that, if these social developments which found their origin under law and by creation of government, are permitted to drift more and more into antisocial practices, the state will be forced more and more into this

field of social and industrial legislation in an effort to overcome the perversions of the original purpose. There is ground to fear that this will not end with social and industrial legislation covering the original field—legislation related to compensation, industrial group insurance and old-age pensions—but will reach out to cover all forms of insurance, aiming perhaps first of all at the large life insurance companies with their immense reserves and ever increasing surplus.

Life insurance company funds today represent a very large per cent of our country's wealth, and the influence of these funds in the industrial life of the nation is growing to phenomenal proportions.

I have spoken about the great combinations that are in the making. We can-

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not regard combinations as being here, because they are growing day by day. They are only in the making. Trusts, combines, mergers, holding companies, investment trusts, cartels—new states, principalities, empires within empires. We cannot allow them to be lawless and we cannot allow them to be autocracies. They must have rules and the rules must foster and promote freedom and justice. They must, in their dealings with men and women, in their ordering of the lives of men and women, respond to the will of the majority.

I know how deep-rooted is the idea that "I am my own master," and how firmly fixed is the notion that "I can do what I please with my own property," and no sane trade unionist wants to modify those ancient and hard-won doctrines. But they must not be translated into "I am also the master of other men" and "I can make my property the means of oppressing other men."

I cannot offer any set of rules for industrial salvation. I cannot diagram the machinery by which industry may solve its problems of administration. It must come as the result of growth. But this I know, "There can be no normal growth if men stand in the way of it and forbid that there shall be growth."

Growth must be permitted if it is to have its chance. It must be permitted—and ordered. That requires intelligence, not blindness and bigotry and bias. Surely it means that workmen must have their right to unite. It means that all men who serve a purpose must unite along what lines seem most natural and best. Unities thus formed will find their functions. Order, based on human reasoning and human will, may be expected to follow.

Thus far our ideal of education has been one of political democracy on the one hand and of an industrial bureaucracy on the other. This has a distinct bearing on what I am now discussing. Consciously or otherwise, we have been taught to accept the thought that democracy may be and is political only, ignoring the other vast sphere of human activity and control. The fact is both systems, democracy in politics and autocracy in industry, cannot go on indefinitely within the concept of our educational system. One or the other must ultimately give way.

A task for the educators

UNLESS our educational system, and especially our privately endowed institutions of learning, inculcate into the minds of the future leaders of finance, industry and commerce the teachings of democracy in industry, and that all of these activities of organized human kind are charged with great and grave social functions, the great mass will respond to the teaching of political democracy and carry the thought of the power of the

state into those fields. They will carry the political idea into the realms of finance, industry and commerce. That, I think, is inescapable.

Very frankly, it was the Adam Smith theory that has brought England to the condition in which it finds itself today and which gave rise to the Marxian school of economics that generated much of the opinion that has helped bring about that condition.

Industrial democracies, too

UNLESS we depart from the teachings of Adam Smith and teach instead the idea that the real wealth of nations rests in the well-being of our people as a whole and that industry is designed to serve social as well as economic needs, we cannot escape confusion and perhaps disastrous results in our country in time to come. We must teach that we cannot measure the wealth of nations without regard to the misery that may exist in the midst of wealth.

It is a queer thing and one that amazes me that in the same European countries where we find political oppressions that Americans would not for a moment tolerate, we find a freedom and a justice and a degree of democracy in industrial life—in the work places—that many American employers would not tolerate and shudder when they contemplate.

I am at a loss to understand why the modern employer regards the union of workmen as if he were living in the seventeenth century. The employer today who refuses to see what modern unionism can accomplish either must regard himself as a Napoleon in his sphere, or he must regard the employees as a group of potential bandits.

That is wrong. The first purpose of the union—and I am not here attempting to sermonize about unionism—is the conservation of life and the promotion of human welfare. Intelligent effort in behalf of those aims must promote the welfare of industry, if industry exists to serve the race.

Let me go back a step or two. I have mentioned what is perhaps bitterly called the yellow dog contract. Be sure this point is made:

In industry today this yellow dog, or individual employment contract, is made between a corporation and a workman. I have stood for years in the position of the workman. Every member of my union and of every union stands in that position. Across our work bench or our lathe or beyond our camera, or over the counter, stands, not another man of equal strength and power to bargain, but a great corporation. What is a corporation?

The corporation with which the workman, via an individual employment contract, must bargain, is an impersonal person created by authority of the state. The corporate person has all the powers of a real person in business and it has a

good deal of state protection that a man in business does not have. For example, the state places a limitation on the liabilities of the corporation. As in the case of the railroad corporations of today, the state in reality sees to it that the corporate person earns a certain adequate return on money invested.

Now, not only is the power and authority of the state back of the corporate person, but the corporate person has vast financial power—and very little heart. The individual workman who tries to bargain across the work bench with a great corporation is simply without power. He must take or leave what the corporation offers and he must come or go when the corporation orders.

That is not fault-finding, nor is it sentimentalism. It is fact and it is one of the facts that we who are elected to watch and guard the interests of wage earners have to observe and know about.

Maintaining equity in industry

UNLESS the workman joins with other workmen in an organization controlled entirely by workmen, there is no equity between workman and corporation. To my mind the individual employment contract and "company union" are devices for the perpetuation of the inequity between workmen and corporation. For that reason, also, to my mind, such a contract and relationship is in fact no contract, and relationship, even though it has been sustained as such by some of our courts.

But let me say that corporations would add much to their right to public esteem if they would abolish the devices that have about them so much of autocracy, so much of the aspect of ancient feudalism, so little of the American spirit of freedom and equality among men.

When corporations take the place of men in bargaining we must preserve the equity between the bargainners, and that cannot be done by preserving the old rules of contract which were made to serve between equals—between man and man—when it came to employment.

As for the injunction, of which I also have spoken, it may be said in a way to recognize the right of combination among workmen, but on the other hand, by its autocratic ordering and forbidding of acts, it completely nullifies that right so that the right becomes a myth or a shadow and a dangerous one as well.

Combination, if it is to continue and have a free field to perform true service to humanity, must serve a social as well as an economic purpose. If it does not, if it persistently and permanently refuses to serve that social purpose, then it drives us by its injustice to resort for cure to means that are constitutional, but to my mind undesirable. We have among us, however, another group that registers dissatisfaction and that is driven, not to

(Continued on page 160)

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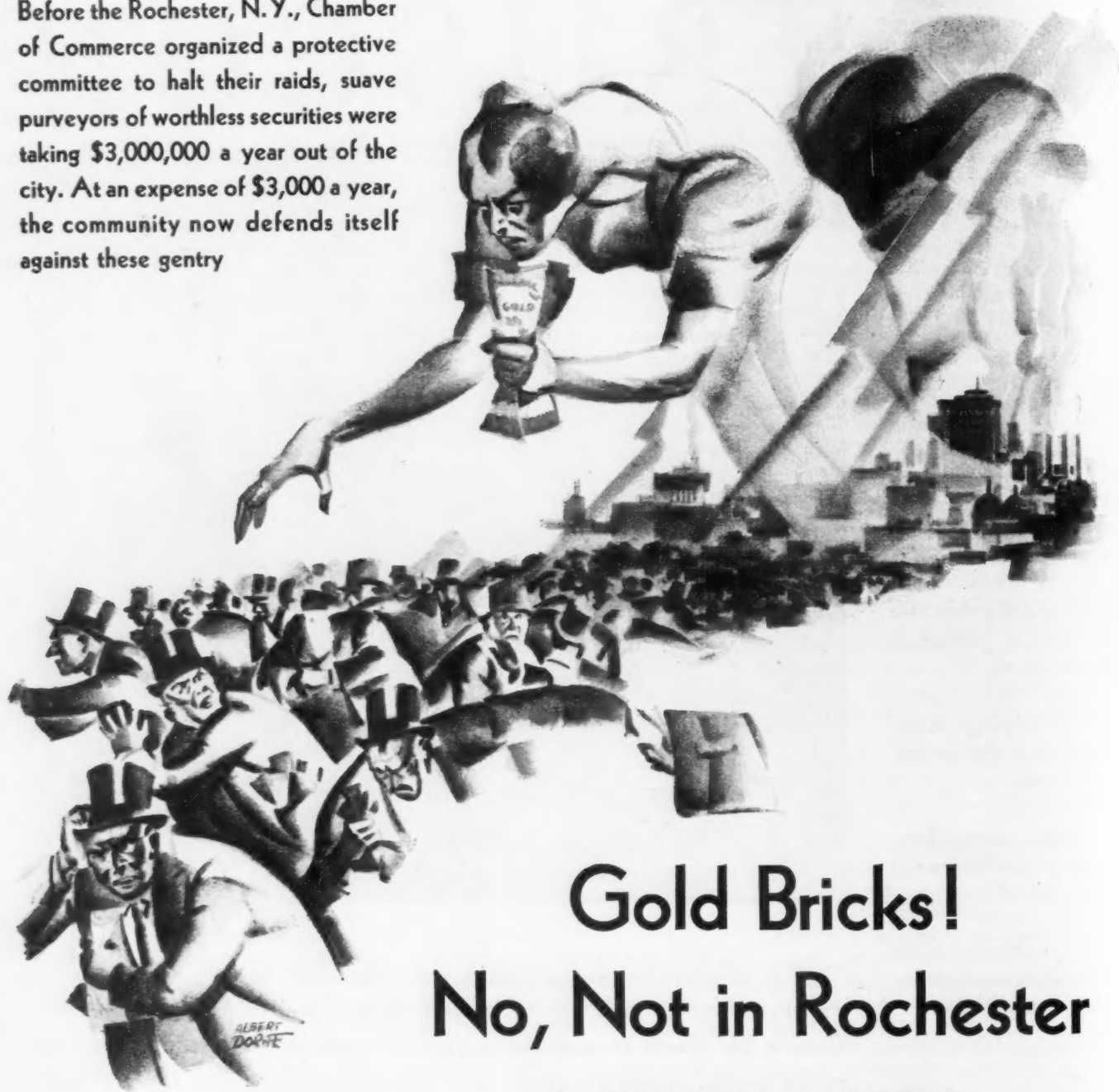
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Before the Rochester, N. Y., Chamber of Commerce organized a protective committee to halt their raids, suave purveyors of worthless securities were taking \$3,000,000 a year out of the city. At an expense of \$3,000 a year, the community now defends itself against these gentry



Gold Bricks! No, Not in Rochester

By WILLIAM A. DUPUY

ILLUSTRATIONS BY ALBERT DORNE

SOME years ago Maggie Dalton, plying her pressing iron in a tailor shop in Rochester, N. Y., looked up to find a suave and cultured gentleman offering to guide her up the road to riches. She listened. Later, over the stove in her modest home, she listened again. The gentleman painted a picture of gold pieces clinking into her pocket through all the days of her life if she would purchase \$600 worth of his oil stock.

It was good stock—the name of a famous ball player, an idol in Maggie's circle, was inscribed on the certificates. Maggie scraped together her savings, she borrowed here and there, got the money, fought nearly a year to pay it back and, before she was out of debt, the oil company had expired. It had lived long enough to serve the purpose for which it was created.

But Maggie had not paid in vain. Out of the ashes of her sacrifice arose a pursuing Phoenix that has helped to chase investment sharks out of Rochester. She became a Joan of Arc, a symbol, a Molly Pitcher stoking the cannon of those who warred on the glib impostors. The \$600 they took from Maggie cost them \$3,000,000 a year.

When investments flourished

THAT \$3,000,000 was the tribute the sharks were collecting annually from the credulous in Rochester. It all started in that unusual period following the World War. The government bond-selling campaigns had made the public investment

conscious. People had more money than they had ever had before. They had Liberty Bonds, Victory Bonds, as good as gold.

The first raid of the investment sharks was on these government securities. Gentlemen introducing themselves as brokers appeared like crocuses in the spring. They offered stocks which promised riches in exchange for those war bonds whose coupons ripened so slowly. This was the first great killing.

Rochester resented the fleeing. The city was poorer by \$3,000,000 a year. The Chamber of Commerce decided to stop this loss. It organized within the Chamber an Investors' Protective Committee—the first step in the Rochester Plan

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Oregon Life Insurance Company
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that has since made the city such slim picking for the fly-by-night promoters.

Morris H. Benjamin, a retired business man of ripe experience and imbued with a spirit of service, became a voluntary assistant to the Committee and later its chairman. Mrs. A. N. Davis, an intelligent woman with purpose and a missionary spirit, became the Committee's sole salaried employe, but behind her and behind Mr. Benjamin stood the organized financial, business and professional talent of the city. It was found that, with an expenditure of \$3,000 a year, the Committee could make available to the public all it needed to know to free itself from financial exploitation.

Then Maggie Dalton came to Mrs. Davis, sobbing the tale of her loss. Her money could not be recovered but the Committee could use Maggie. It dramatized her experience. The story was told—it was acted before a movie camera and the film has been shown thousands of times as a warning to others to "Investigate Before You Invest." It has helped to tell Rochester to beware of promotion schemes. It has impressed the need of asking the Committee for information before handing money to plausible strangers, and impressed the lesson that no crow is so poor but someone will deem him worthy of picking.

Maggie was not the only one who brought her troubles to the Committee too late. There was Mrs. Emily Bowen, whose case was a little different. A first husband had left her \$12,000 in life insurance and she still had it when she married again. She was canny about this \$12,000. She even took pains that her second husband should not get hold of it. She determined to invest it.

She investigated afterwards

AGENTLEMAN in a silk hat and a frock coat volunteered to help her. He represented a second mortgage company being formed in Buffalo. He was coming in a car to take her to Buffalo to talk to the president of the company. She was impressed but had heard of Maggie Dalton and of the Investors' Protective Committee and of the Chamber of Commerce.

She went to see Mrs. Davis. She was asked what assurance she had, other than that of the salesman, that this second mortgage company was sound. She admitted that she had none. Had she talked to her bank about it? She had not. She promised to go right around to the bank and to come back later for what information Mrs. Davis could obtain. But when she came back, weeks later, she had already bought \$5,000 worth of this stock. The president himself, also in a silk hat, had come to see her, she said, and so great was the persuasive power of two silk hats, she could not refuse to buy. The money was lost.

Mary West was a well paid stenographer, living with her mother. She had saved \$1,500. She was visited by a stock

salesman whose firm maintained impressive offices in Rochester. He induced her to put her money in South American oil. She did not investigate before but after investing. Mrs. Davis got in touch with various reputable brokers on her committee and they told her that this issue was created only to sell to the public. It had no intrinsic value.

She asked the banker members of her committee about the broker's office with the imposing front. It had no standing. The stock, however, was selling on the Boston curb. Miss West was advised immediately to put through a selling order. She did so. Her money was saved but soon afterwards South American oil went to pieces.

Straightforward newspaper publicity went along with all these investigations. Here is a typical quotation from a Rochester paper:

A decided setback has been given by the Investors' Protective Committee of the Chamber of Commerce to the activities of C. E. Exall, sales agent for the Cataract Mining Company, of British Columbia, represented as having rich mining properties at Thunder Canyon, who proposed to submit a plan for purchasing gold at \$4 an ounce which would later command \$18.75 in the market.

It appears that, since 1898, some half a dozen companies of various titles have been engaged in the task of raising money to recover elusive nuggets, though there is no

record of anyone, save the promoters, having made the fortunes predicted. Moreover the head of the Cataract Mining Company has been more than once indicted on charges of using the mails to defraud in schemes involving the Thunder Canyon property.

This morning a telephone call to the office where Mr. Exall rented desk room while in Rochester brought the reply that he was "out of town." Those who have been in touch with the investigations believe that he will continue indefinitely to be out of town.

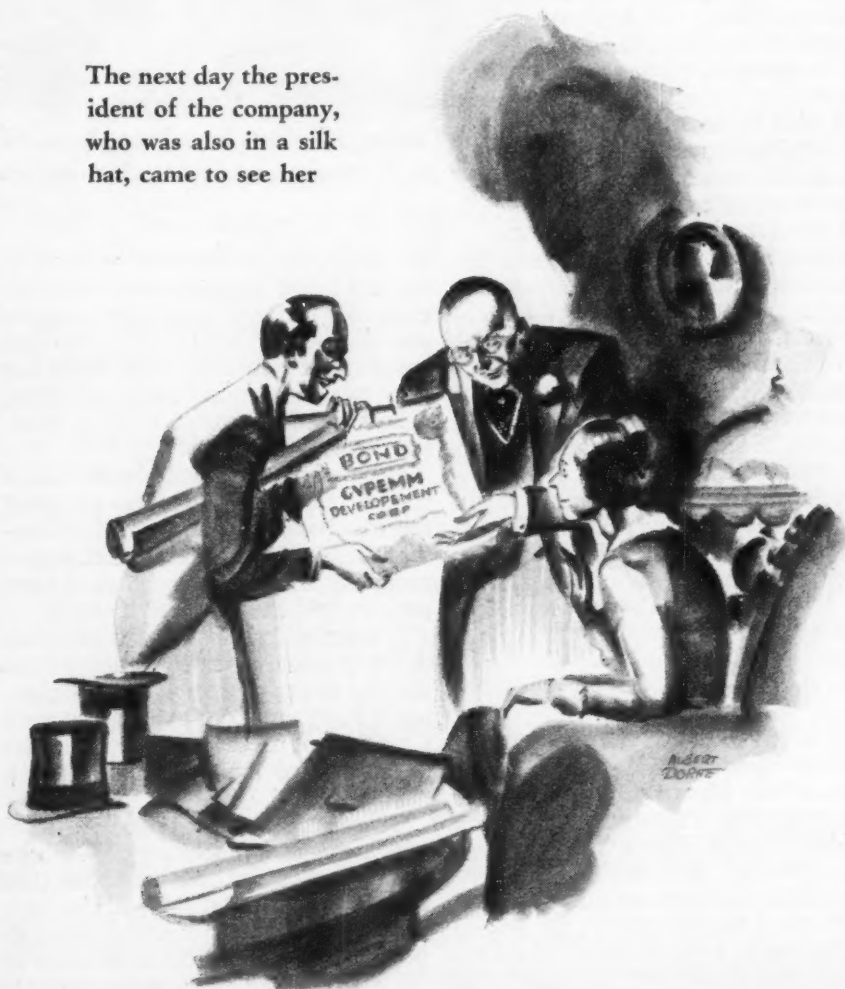
Reiterated publicity about the sale of fraudulent securities in Rochester soon began to show results. The public gradually came to know that it might freely ask for information and that there was wisdom in asking. So it came to pass that no security salesman was likely to be in Rochester long before someone asked the Committee about him.

And he left Rochester

THERE was a gray-clad, gray-haired, sprightly little man, who arrived shortly after the Thunder Canyon episode. He was from Arizona and also had an alluring story of yellow gold. Almost the first citizen he approached telephoned the Chamber. The little gray man was asked to come to see the Committee.

Mrs. Davis asked him about his mine. He owned the land, he explained, and the nuggets could be picked up off the

The next day the president of the company, who was also in a silk hat, came to see her



ground. He reached into his pocket and took out a handful. Mrs. Davis asked for proof, for references. What did the Commissioner of Mines of Arizona say? With such easy gold why did he not stick to nugget gathering instead of worrying about selling stock? Would he mind if she had one of the nuggets assayed? Would he cooperate with her in establishing the legitimacy of his proposition? If not she must warn the citizens of Rochester against him.

He thought, the little gray man said, he would be leaving Rochester that night.

But there was bigger game, operating more boldly. Rochester is an industrial city and is therefore held to be industrial-minded. It should be possible, thought the Mars Battery people, to take advantage of this fact. They had, they said, a secret formula for a battery which met all the requirements of an automotive age. They called it an everlasting dry battery.

"Put it in your car," said their slogan, "and forget it." This formula was carefully protected by patents and cached in a safety deposit box. It appeared in the assets of the company as being worth \$500,000.

The Investors' Protective Committee is especially well understood in the industrial plants of Rochester. The organization of those plants has made it possible to get at the personnel. There is a key man in each plant, trained by the Committee to give preliminary advice to prospective purchasers and then pass them on to better authorities.

The plants have long been placarded with posters advising employees to investigate before they invest and directing them to the key men.

It was a part of the boldness of the Mars people that they made these industrial plants their point of attack. They claimed that they were bringing to Rochester another industry. They wanted workers in already successful plants to support them. They interested a number of technical men, among them the chief electrical engineer of an outstanding factory. His word meant much. He was undoubtedly sincere. He put everything he had into the enterprise, much family money, gave up his employment for it. In the end he was completely ruined by it.

Reports were not all rosy

A COMMITTEE of the Chamber of Commerce had been invited to inspect the plant of the Mars Battery which was growing rapidly. They examined it and made an optimistic report. In the meantime, however, the Investors' Protective Committee had been working quietly. It sent one of the batteries to the Bureau of Standards, in Washington, for examination and report. Word came back that this was a good battery in its way—about

on a par with those of its kind that had been in use in 1917, but not as good as batteries of more recent date.

The Investors' Committee had also run onto another clue. It had heard of a battery promotion that had taken place in a western city a year or two earlier that had a good many of the earmarks of this one. It was to have manufactured the Thor Battery.

What sort of a battery was the Thor? Its owners claimed that they had a secret formula. This formula appeared in the assets of the company as being worth \$500,000. It had later been found, however, that these batteries had no particu-



Industrial plants have been placarded with warnings against stock swindlers

lar virtue, were in fact inferior to many already being manufactured. But the enterprise had gone no further than the sale of stock. The gentlemen who had promoted it were none other than the same two who were in Rochester with an almost identical venture under a different name.

Rochester people had already put a good deal of money into this company but its operations were terminated before the big killing was reached. Better cooperation between chambers of commerce would have stopped it sooner.

A constant procession of promotions present themselves in Rochester just as they do in any community. Their number is likely not to be appreciated until a tab is kept on them. Schemes for the elimination of the middleman have a popular appeal.

There were brokers who specialized in exchanging new stocks for old—stocks that promised fortunes for those that merely paid modest dividends. One such broker bought shares in a reputable corporation which entitled him to access to the lists of stockholders. He copied these lists, visited selected stockholders and

negotiated exchanges. The Chamber of Commerce describes this broker walking up and down the cabbage rows beside a Belgian gardener, talking to him for two hours while he worked and finally trading various "cats and dogs" for the Belgian's good shares.

But it was not merely these modest citizens who were victimized. John B. Carroll, a prosperous insurance man, himself a member of the Chamber, on a summer vacation developed an acquaintance with Julius B. Sloan, an imposing gentleman who represented himself as being likewise in insurance but in New York City. The two wore the pins of the same fraternal organization. They talked investments. Sloan's advice was always ultra-conservative. There was some interchange of letters after the vacation was over. Then Carroll got a call on long distance. One is always flattered by long distance telephone calls. Mr. Sloan was speaking. He had something good that was in their line. It was insurance. He was putting Carroll in. He would be up that way Friday and would come to see him.

A file that's effective

HE CAME. He showed his new proposition. Carroll thought he might take \$10,000 worth of it. As a matter of form he would have to go to the Chamber and tell the Investors' Committee about it. They dropped in on Mrs. Davis. That lady looked to see if there was a file on Julius B. Sloan. There was. She spread it out on her desk.

"Mr. Sloan," she began as she turned over the papers, "you promoted the Two-in-One Insurance Company, did you not?"

He admitted as much.

"And," Mrs. Davis asked, "did you finish serving your term in Sing Sing which resulted?" But Mr. Sloan was on his way to the door.

Rochester has tried this experiment for ten years. It has proven one of the most popular ventures it ever undertook. It has in it that gripping interest which keeps up enthusiasm. It renders a definite public service. Slowly the public has learned how to use it.

Mrs. Davis now gets an average of one call every 15 minutes. She believes that she saves millions a year for Rochester. She believes that she saves individuals and families from such ruin that they might become charges on the community. She believes that this service helps the Chamber. In a recent membership drive, for example, this man Carroll, for whom she had saved \$10,000, brought in more recruits than anybody else. Rochester believes that an Investors' Protective Committee would be a decided asset to any community and to any chamber of commerce.

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Can the Chains End Price Cutting?



UNDERWOOD & UNDERWOOD

By H. M. FOSTER

Editor, Food Department, New York Journal of Commerce

EVERYBODY admits that price cutting is one of the greatest evils in trade but everybody has blamed it on everybody else. Now several nationally known chain stores have taken steps to stop the practice simply by stopping it. If their experiments, so far successful, are extended throughout the country and followed by other lines of business, one of the most pernicious diseases in the commercial system of America today will have been cured.

One of the largest chain grocery organizations in the country started the movement. A few months ago the officers of the organization called together all the district managers of the Middle West and proposed to them the idea of cutting out price cutting.

The mere thought started a gentlemanly riot, and the district managers showed a united front in rebellion.

"What," they demanded, "would become of the chain store business without cut prices?"

"That," the executives replied, "is what we are going to find out. We believe that price cutting is too expensive a form of advertising; that it may be overdone; that it has lost its novelty; that it encourages women to buy only our 'loss leaders' and then go elsewhere to buy profitable goods. We believe that, because of all that has been written and said by economists, professors, business leaders and women's magazines and clubs, well-informed women now realize that what is lost on one commodity must be made up on another. Anyway, we have been thinking these things over for some time and have decided to try some rather radical experiments in your cities."

As usual the executives prevailed. They announced that after the first of the month there would be no more price

cutting, no window signs of special prices, no bargain counters in the stores, and no selling at or below cost in anything. Newspaper advertisements would take the public fairly and frankly into the company's confidence by explaining the change of policy.

No more circus economy

THEY would state conspicuously that thereafter prices in all the company's stores in the cities within the area of experimentation would be as low as they could possibly, but profitably, be made. They would be regularly and steadily low, day in and day out, year in and year out, so that the women of the neighborhood might know with absolute assurance that when they bought in those stores they were buying every commodity as cheaply as it could be bought anywhere in the world.

When price changes were made, the advertisement said, they would be made only because market fluctuations affecting the company's purchase forced such changes. Furthermore, the manager of every unit retail grocery store of the chain in the cities named was required to send a form letter to every household in his neighborhood informing the housewives that they need no longer waste their time and energy shopping around, because from that day forward they could rely on the company's declaration that every article in the store was a bargain.

Of course the sales of the stores were watched. Elaborate and accurate records were kept and, strange as it may seem, the sales of all the stores in all the cities where the experiment was tried, in-

creased and have been increasing ever since the policy was changed. The public response was immediate and favorable. The idea has

worked! Sales could not have increased without popular approval.

Perhaps the women of these communities in the Middle West are really better informed and more intelligent than other less progressive and courageous merchandisers have previously taken them to be. Perhaps they were relieved to be rid of the necessity for bargain hunting. Perhaps they were flattered by being taken so fully and frankly into the confidence of a great company. Whatever hidden springs of psychology may have been tapped mutual good will has flowed forth.

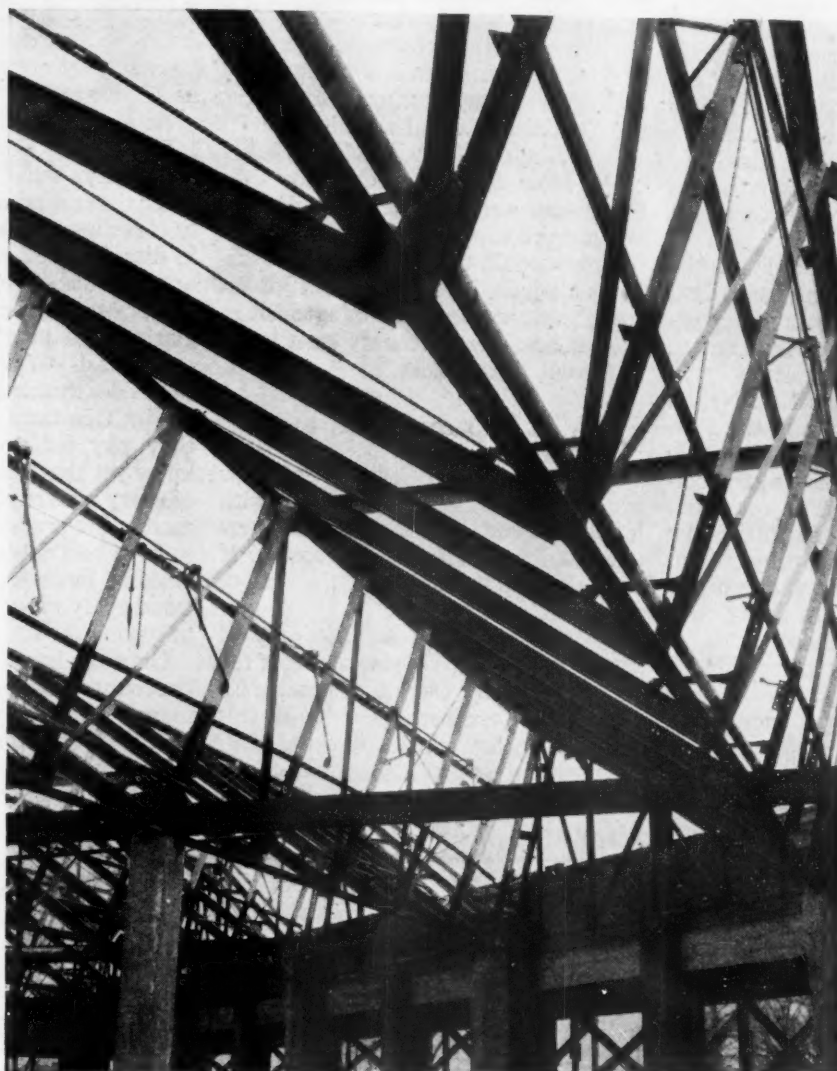
Other chain organizations have followed the leader. Several of the largest firms of the kind in the country have lately been trying to eliminate, or at least reduce, all special prices.

Putting an end to haggling

WHEN ONE considers the length of time this habit of price cutting has been one of the most perplexing problems of distribution, and especially when one realizes that it has permeated practically every phase of business, the significance of these experiments seems almost incalculable. Growers, farmers, manufacturers, canners, brokers, wholesalers, middlemen of all kinds and especially retailers, almost without distinction as to kind of business, have cut prices in one form or another.

The history of price cutting probably runs back to time immemorial. Certainly the practice has been the basis of haggle and barter from the time of the earliest records. It will hardly be disputed that it has been one of the most troublesome things in American busi-

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ness for generations. It has been growing more prevalent and severe during the past two or three decades and it has been a sign of the keenest kind of competition; perhaps more so in the textile, drug and food trades.

Trade associations have spent much money during many years trying to find a cure. It has come to the fore in recent times to such an extent that economists, business schools and universities have discussed it more in trade conventions and literature than any other one topic in merchandising. In fact, it was probably price cutting alone that led to the agitation for a price maintenance law, the bill for which was favorably reported to the House by a special committee at the last session of Congress.

So short a while ago as 1922 Nelson B. Gaskill, then chairman of the Federal Trade Commission, said in an address before the convention of the National Wholesale Grocers' Association:

"Because I believe that selling below cost is an unfair method of competition, I believe that a group agreement not to practice this method of doing business is a lawful agreement. It is, it seems to me, as much a matter of internal concern and action in a trade association as is misbranding or commercial bribery."

It was only a few weeks afterward that a group of merchants complained

to the Commission that chain stores were selling a most extensively advertised brand of California goods cheaper than the merchants could buy those same goods in San Francisco. The Commission expressed its regret courteously, but explained that because of the owner's inherent right in his property he could give it away or throw it away and the Commission could not interfere.

It was added that if the merchants could show competent evidence that these sales were conducted to destroy or damage competitors' businesses, then the case would come within the Commission's jurisdiction. With this job on their hands and such encouragement in their minds, the merchants went home somewhat disconsolate.

Will help consumer, too

THE outcome of the experiments now being conducted will be watched with intense interest. Will the manufacturers and distributors rise to the occasion? If they do, the beginning of the end of price cutting is in sight.

These experiments are not only of vital concern to the business men of the country but they carry considerable interest to consumers as well. If this change of policy spreads to other businesses and if it succeeds, as evidently it is doing in the chain grocery field, many

firms and industries now anemic, to put it mildly, will revive and thrive. Many now in a state of inanition for lack of the life blood of profits, will soon become healthy and strong.

On the other hand, consumers can make their purchases with some certainty that they are getting value received article for article.

At any rate it is high time that customers should be told that bargains are not always what they seem. Many a thing that parades itself as such is merely traveling on its face and very much in disguise. Full many a bit of goods is born to blush unseen at 60 cents a yard, but draws eager customers as soon as a glaring sign proclaims it to the world at "special—97 cents a yard."

Besides that, consumers ought to realize by this time that in the long run they pay for everything. Don't they know yet that they make up the deficit of every bankruptcy? As surely as good accounting practice teaches us that losses from bad debts are part of the cost of doing business, so surely do you and I and everyone of us pay up those debts in paying for the goods that we buy.

Only the bankers and statisticians of the country make estimates of the many, many millions a year lost in bankruptcies. Only the merchants of the country know how many of these are due to price cutting, and they will never tell.

Price Isn't Everything

By WALTER ENGARD

EVERYWHERE the retail merchant, viewing the present competitive conditions—the phenomenal growth of chain stores, the branching out of mail-order houses, the factory-owned stores—is jumping to the conclusion that the success of these new methods is due solely to the fact that these competitors are buying more cheaply than he can.

On all hands we hear the same complaint, "We've got to put ourselves in position to meet price."

In my opinion retailers are giving buying an importance it does not deserve. If it were possible to place all retail agencies on an equal footing as far as price is concerned, merchandising ills to which the retailer is now subject would not vanish in thin air as current complaints lead us to believe. What the retailer needs is a better job of merchandising—and merchandising, as it must be done today, involves far more than mere price.

I am convinced that we retailers apply too little of the science of business

to our affairs. We do not get right down to the basic fundamentals of successful merchandising. We are prone to leave entirely too much to guesswork.

When the independent retailer awakens to the need of more scientific management in his business, present-day sources of competition will receive a serious setback. Perhaps the words "science" and "scientific" sound a little high hat but they are not nearly so ostentatious as they sound.

Science is common sense

THE SCIENCE of business is simply common-sense knowledge—knowledge based on actual facts and figures, not merely as they may apply to the business as a whole, but as they may relate to the various contributing factors.

For example, most retailers know that it costs a certain per cent of their sales to operate their stores as a whole but comparatively few make any pretense of knowing what it costs to handle any certain line of merchandise. A

business conducted on this basis must necessarily involve a large degree of guesswork.

When a retailer establishes that it is costing him, let us say, 21 per cent of his sales to operate his business, this does not establish the fact that it costs him 21 per cent of the resale price of every item of merchandise he sells to defray the cost of handling it. Yet most retailers operate on this theory. This fallacy is costing retailers millions of dollars in profits annually.

When the retailer establishes a certain percentage figure based on his total sales as his cost of operating the business, it is simply an average by which he can measure the efficiency of his management in comparison with similar businesses. It does not serve as a basis on which to gauge the profit made on any single line of merchandise.

It may cost 50 per cent to handle some lines of merchandise and less than 10 per cent to handle others. The profit made in any line can only be established by getting the actual facts in each indi-

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vidual case. When the retailer applies "science" in establishing these important facts he will quickly discover that he has been applying the wrong measure in gauging profits.

The mere fact that a certain line of merchandise bears a relatively large margin of mark-up does not indicate that it is a profitable line. By the same token, merchandise upon which the mark-up is exceedingly small is not necessarily a less profitable line to handle. The margin of mark-up does not determine the profitableness of the merchandise. To know that the retailer must consider the rate of turnover, the effort necessary in selling the article, and the expense involved in handling it.

Not long ago, a merchant of my acquaintance was complaining about the small profit margin of a certain popular line of merchandise. He claimed he had to sell at this margin because of competition and that he was actually losing money on every sale. I asked him "How come?"

"Well," he replied, "the gross margin on this item is a trifle less than 18 per cent while my cost of doing business is 28 per cent."

A loss that was a gain

I TOLD him that this condition did not necessarily mean that he was actually losing money in selling this item on an 18 per cent margin and together we analyzed the thing. We found that his average investment was \$111, upon which he received a turnover of 12 times annually. Due to the popularity and consumer demand of this merchandise, the actual cost of selling it was very low. The small investment involved and the rapidity of the turnover incurred a very small carrying charge.

Our analysis showed that, although his average cost of doing business as based on the business as a whole was 28 per cent, the actual cost of handling this particular item could be placed at 6.5 per cent. Thus it developed that even with a gross margin of only 18 per cent he was making a net profit of 11.5 per cent, or a total of 138 per cent annually on his investment of \$111.

On the other hand, we took an entirely different line of merchandise on which his mark-up was 50 per cent based on the selling price. By his own figures, this item should

have netted him a profit of 22 per cent. But a careful analysis of the facts developed that instead of a profit of 22 per cent, his net profit was a trifle more than 10 per cent. On this particular merchandise the turnover was barely three times a year. This incurred a much higher carrying charge than the merchandise with a 12-time turnover. Also it was a class of merchandise that had to be "sold"; consumer demand was practically nil. This in turn involved a much higher selling cost. His actual net profits on this line for the year represented a bare 30 per cent on his investment as against 138 per cent for the merchandise on which he was able to obtain only an 18 per cent mark-up.

Scientific management demands that the retailer know the actual facts from which to determine the profit made on each line of merchandise.

No two lines of merchandise, even though similar in character, will cost identically the same to handle. One may cost more in time and effort to sell; one may require a larger investment; one may have a much more rapid turnover. This will mean a difference in the carrying charge of the different lines. One may have a well-established consumer demand and acceptance, while the other must be "sold." This will involve a difference in the actual selling cost.

Take two brands of identical merchandise—one a well-known popular brand with a steady consumer demand and the other some private, little-known

brand. Invariably the well-known brand will prove a much more profitable line for the store even at a smaller margin of profit.

But this is not the only way science will help the retailer. Properly applied it will enable him to weed out "useless merchandise" that is sapping away his profits. "Useless merchandise," as I wish to use it here, does not necessarily mean worthless merchandise, but merchandise which is not essential to the successful and profitable operation of the store.

Most stores have lazy stock

ANY retailer who will catalog his stock in accord with this definition will be surprised to find what a vast amount of "useless merchandise" has found its way into his stock.

For example, one retailer had 14 brands of a single line of staple merchandise. A careful analysis of his sales revealed that 73 per cent of his total sales in this particular line were made on five leading brands, while 87 per cent went to seven brands. The remaining seven brands, or 50 per cent of his stock, contributed the remaining 13 per cent.

The last seven brands were "useless merchandise." By eliminating them he was able to cut his investment 50 per cent and it did not affect his sales one per cent. In doing this he did not increase his investment in the remaining seven brands a single dollar but did in-

crease his rate of turnover which made for a lower cost of handling and a better rate of net profit. The investment thus released was put to work by adding new lines upon which he was able to make a profit.

Many a retailer will find this program the solution to his problem of more capital. The chances are that the average retailer has 25 to 50 per cent of his capital tied up in "useless merchandise."

Once released it would provide the necessary working capital for the expansion program he has in mind.

When the retailer applies more science to his business and determines the profitableness of merchandise on a scientific basis rather than guesswork, he will discover that price alone is not the determining factor in business, and he will have progressed far toward whipping the new forms of competition.



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When you have occasion to transmit a message about which there must be no mistake, rely on Postal Telegraph.

With your swift message duplicated in a typewritten record, you can reach by the International System of land wires and cables the most distant of world markets. And over the Postal Telegraph, every important center in the United States is brought minute-close to you—with a lasting record to witness your every word.

Whether a cable to a far-distant land or a telegram to a near-by city—your message will be sent swiftly, surely, inexpensively over Postal wires and the affiliated cables of the vast International System.



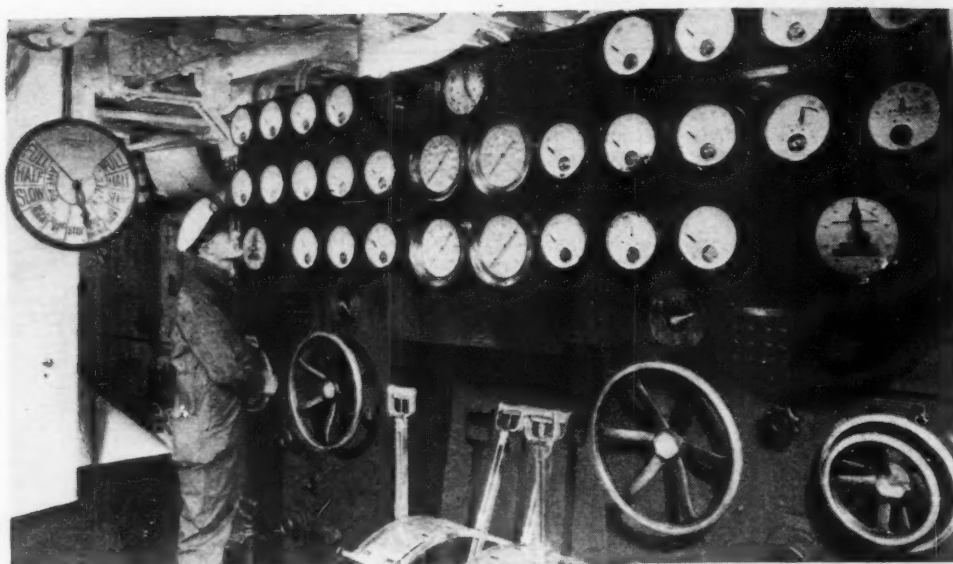
IN THE EVERY DAY WORK of your office or plant you are constantly facing evidence of the importance of written communications. The memorandum you employ for the daily routine within your office finds its counterpart in the telegram between one city and another, one company and another. Many of America's most efficient firms require a confirming telegram for all orders and instructions given verbally.

Postal Telegraph

Commercial
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All America
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COURTESY GENERAL ELECTRIC COMPANY

The modern ship is operated by a single attendant at a central control board

A New Sea Epoch Is Born

By FRANK N. SMITH

A GREAT deal of water has passed under the stern since the hardy American mariners hung clouds of canvas on their clipper ships and went home with bows biting deep into the waves.

Those clipper ships set a new style in maritime building; they gave the United States a merchant marine of which it was justly proud. They marked an epoch of the sea. The passenger who rode on one was certain of the fastest sea voyage of his day and, possibly, adventure.

Ships with uncertain steam engines challenged the glory of the clippers and a new epoch of the sea was born. The steam engine improved, until 22 years ago the struggle for supremacy in the North Atlantic was being waged between reciprocating-engine, coal-fired vessels.

Then came the *Mauretania*, a new type of ocean greyhound, powered with turbines and establishing new conceptions of speed and luxury.

Just as surely as the epoch born with the clipper died with the advent of steam, an epoch died and a new one was born with the *Mauretania*. The 18-knot vessel gave way to the 23- and 24-knot type.

Now, just as surely, the ships that followed in the wake of the *Mauretania* are



The Coast Guard followed the Navy and electrified its cutters

to be pushed into the background of historical achievement by a new type of marine construction. Conceivably the new epoch may see the reentry of the United States into the maritime field with a merchant marine proportionate to that of the clipper days.

This new epoch is here. The North German Lloyds are building two ships, the *Bremen* and *Europa*, which, from all accounts, are to have speeds of 26.5 knots. The White Star Line is building a ship of 60,000 gross tons and designed to make 27 knots. The French Line is proposing a vessel, larger than the *Ile de France*, to have a speed of from 28 to 30 knots.

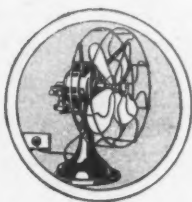
Builds modern ships

AMERICAN shipping lines have quickly caught the spirit of modernization. The International Mercantile Marine Company has inaugurated a \$21,000,000 shipbuilding program involving construction of three passenger liners for its Panama Pacific Lines.

Two of these, the *California* and the *Virginia*, the largest commercial vessels ever built in this country, are now in operation. The third, to be named the *Pennsylvania*, is expected to go into commission late this year.

The Ward Line is building two passenger liners for its New York-Havana trade route and the Grace Line is also building a passenger vessel of the modern type for its South American trade route.

There is no gain without at least some



Looking Forward to Many Interesting Things

MUCH work of importance has come out of Robbins & Myers' experimental room in the last few years, yet we cannot remember when there were so many interesting things under test and development by R & M engineers as right now. Some of these are devices which inventors and other manufacturers have carried along to the verge of produc-

tion, and want Robbins & Myers' engineers to make sure they are right before giving them to the public. Others represent ideas that their originators could develop only so far, and are brought to us to see if we can solve the problems, remove the "bugs," and perfect them into working form.

If you have a problem in electrical-motored machinery come to Robbins & Myers. We offer you the facilities of a completely modern plant, and the experience of 31 years' precision manufacture in designing, building and applying electric motors, generators, fans, and electrical appliances

Partial List of Apparatus to which Robbins & Myers Motors have been successfully applied

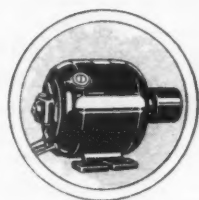
Adding Machines	Confectioner's Machinery	Humidifiers	Movie Projectors
Advertising Displays	Conveyors	Ironing Machines	Portable Tools
Air Compressors	Dental Lathes	Labeling Machines	Printing Presses
Baker's Machinery	Dish Washers	Oil Burners	Spray Equipment
Blowers	Driers	Office Appliances	Ticket Selling Machines
Brick Machinery	Floor Surfacers	Organ Blowers	Vacuum Cleaners
Churns	Folding Machines	Mailing Machines	Ventilating Fans
Cloth Cutters	Heaters	Machine Tools	Unit Heaters
Coffee Mills	Heat Regulators	Meat Choppers	Washing Machines
Coin Counters	Hoists	Milking Machines	Wrapping Machines

Robbins & Myers, Inc.

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1878



1929

loss. In this case it is picturesqueness and adventure that go by the boards. These modern vessels are patterned after efficient and up-to-date central power stations ashore. Electricity propels and steers them, it does the cooking and baking, it loads and unloads freight and baggage. Hard manual labor is eliminated.

The voyager who goes down to the sea in one of these modern ships has little to remind him that he is an ocean traveler. His stateroom resembles a modern hotel room with its beds, running water and private baths. The stateroom is electrically heated and ventilated. Elevators carry the passenger from deck to deck; there are luxurious lounging rooms and libraries.

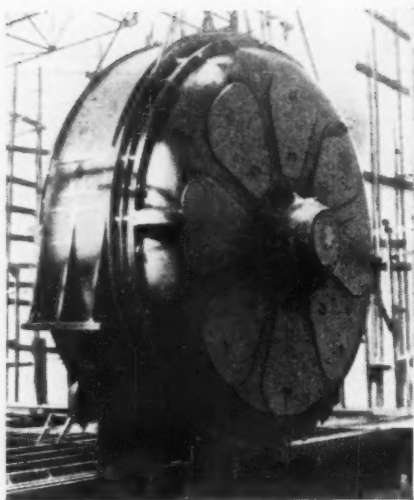
These super-ships spring from humble enough parentage. In 1913 the United States Navy electrified the collier *Jupiter*. This faithful craft gave such good account of itself that all first-line battleships built since have been electrically equipped, as have the airplane carriers *Lexington* and *Saratoga*. The Coast Guard also electrified its cutters, and several industries operating their own ship lines followed suit.

But until last year no commercial ships were powered in this fashion. Now they have taken their place in the maritime picture—a truly American development and one that stands out as a distinct contribution to the art of ship design.

They demonstrate again that our shipyards are capable of building the finest vessels afloat and that, given a sufficient volume of business to work out mass production, they can eliminate the differential in ship costs here



The galley of the modern electrically equipped passenger vessel is a model of efficiency



COURTESY GENERAL ELECTRIC COMPANY

One of the giant propulsion motors that provides the California's power

and abroad. There are indications that our yards may be given this impetus. An awakened interest in shipbuilding is already manifest. The Chapman-Sheedy associates, who recently purchased the United States Lines, have outlined a \$200,000,000 shipbuilding program. Capital for this project was raised in the Middle West, far from the seaboards where interest in shipbuilding might be expected to center.

Ships vital to the country

IT IS proper that the country at large should take an interest in building ships, for the financial benefits of a merchant marine extend far beyond the cities and states that border the seas. These benefits are national in scope. A merchant mariner's freight rates on exports and imports. It is as important in international trade as our railroads and domestic merchant marine are in fostering domestic and interstate commerce.

The building of ships creates new business, speeds production at the mines, in the steel mills and in forests.

It gives new outlets for labor and increases the circulation of money, which helps all industries.

The success the United States may expect to attain in a re-entry into the maritime field will be measured by her capacity to finance, engineer and operate shipping lines. Strong financial groups such as are fostering our power, automobile, oil and steel

industries are needed to promote shipping and build it up on a solid financial structure.

America's leadership in engineering application, her freedom from tradition, her eagerness to adopt modern and improved methods and her vast experience in applying scientific methods and research to industrial problems will be of great benefit in building up a truly representative American merchant marine. In building a ship the same problems in lighting, heating, ventilation, sanitation, water, sewage, refrigeration and fire systems are encountered as are met and conquered in ordinary construction ashore. Likewise the basic problems involved in power application on the sea do not differ materially from those on land.

America has a further advantage in that she has but few ships just now. Hence the many that she must build will be of modern type.

The question of her ability to officer and man an American merchant marine is more apparent than real. The reluctance shown by American youth in the past toward adopting the sea as a profession should not be taken as indicative of future trends.

Several seaboard states maintain nautical school ships for training merchant marine officers. The work of these schools should be enlarged.

A more pertinent problem faced by the ship operator today is that of finding and creating new outlets for trade expansion.

Problems of placing sea travel within the means of the masses, finding methods of making sea travel more attractive, and modernizing the powering methods to reduce labor and operating costs also confront him.

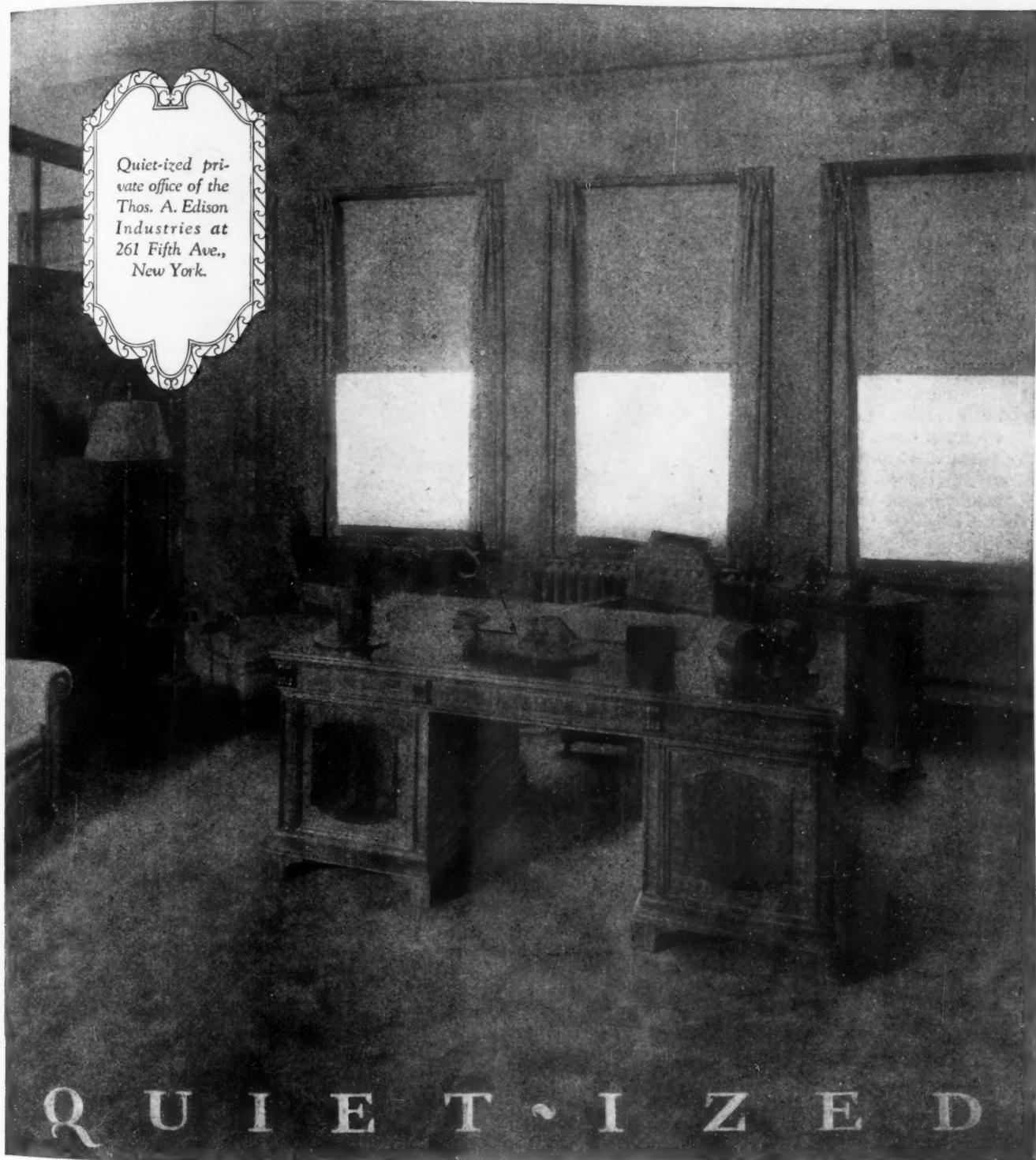
Speedy vessels are coming

NEW forms of transportation, however, create their own trade possibilities and therefore precede rather than follow the demands of established business, so it seems futile to prophesy in detail what the trend in ship design will be.

It is certain, however, that high speed will be an important factor; the 28- to 30-knot vessels now contemplated may, in a few years, be pushed into the background by vessels of 35-knot speeds. The airplane will undoubtedly play an important part in ship-to-shore service.

America is able to stand on her own feet in designing and powering ships; methods evolved for this latter purpose bear a close relationship with the power industry in general.

The research facilities developed to meet land problems are at the disposal of the marine builders. Americans will soon be able to travel on vessels bearing their own flag as proudly as they did in the old days, for the new ships are truly an American contribution as were the clipper ships.



Quiet-ized private office of the Thos. A. Edison Industries at 261 Fifth Ave., New York.

QUIETIZED

GENIUS puts a heavy premium on Quiet. And rightly so, for only Quiet can produce the things that genius gives the world.

Similarly with you. You are a business executive. You know what thinking *you* can do in perfect Quiet. You have Quiet in your home. Why not in your office?

You spend from six to eight hours in your office every day. You put forth there the best that's in you. Yet in doing so you must contend with noises of a thousand kinds.

Why continue this needless "battle"? Why not fight noise with Quiet on your floors? Carpet can help you do it. Executive offices with carpeted floors make concentration possible. The strain of minute-to-minute decisions needs this Quiet.

Mohawk has many suitable carpets for your office floors. You can choose from a range of 21 Capital Broadloom fabrics—dignified and beautiful, long-wearing and economical, absolutely sound-absorbing. Or enjoy the luxury of deep-piled Chenille. There is endless Quiet in either.

MOHAWK RUGS & CARPETS

Who's Who in Business Words

By THOMAS L. MASSON

THE Americans, more than any other nation—owing, doubtless, to their inventive strain—seize upon any old word that is lying in the philological scrap heap, and rapidly adapt it to present demands. And if a word outlives its usefulness, as frequently occurs, they discard it as rapidly. The lexicographers are cautious souls, and generally wait until a word is fully established before admitting it into their sacred precincts. But one never knows. Thus the word *dude*, which appeared in the gay 'nineties, had its brief day, and now lingers on in the dictionaries, unhonored and unsung. The dude is now more or less of a sap.

Business men are by no means dull, neither are they necessarily impervious to the niceties of verbal nuances. But they are very busy, their requirements must be met in short order, and so they pay small regard to rhythm or melody. It thus happens that our new and growing business vocabulary has a good deal of metal in it. It smells of machinery; it is often harsh and uncouth. But men are men, now as ever, and they take what is at hand without scruple.

Some time ago I poked some halting fun at the word *realtor* only to be called down by a member of that fraternity, who informed me that it had been passed upon and *legitimized* (that is an example of the way it is done) by the Board of Realtors. Plain land traders, with no particular standing (I suppose they would be referred to as amateurs), are nothing better than real estate men. A realtor, however, is a definite entity.

They may become customers

BUT THERE are other beings who, though seemingly abstract and immaterial, are definite enough to have had a mass word invented for them. I refer to *prospect*. I am a prospect, you are, he is, we are, you are, they are.

We are not prospects by the grace of God, but through our own incipient desires. If we long for a smooth shave, then we immediately become a prospect for a super-shaving cream. And this word *super*



The word "dude" had its day and now lingers on unhonored and unsung

itself has most recently been seized upon by an eminent copy writer (Mr. McManus). Superadvertising has become a kind of reality, and is analyzed and defended in somewhat the same manner as modernistic art is analyzed and defended.

We must not always expect exactitude. It is enough if the term serves its immediate purpose, whether it be single or compounded of various root elements. Sometimes, however, a word is uncannily correct in its "cover appeal" (as they say). For instance, it is significant that the word *automotive* was invented at almost the exact moment when everybody was driving a car. *Auto* means self and *motive* means propulsion, so that self-propulsion is precisely what is happening upon the largest scale ever known.

If Americans are ahead of others in coining such phrases as *spot cash*, *loud speaker*, *tightwad*, *mail order*, *cost sheet*, and others, it follows that the American language, as distinct from the English, is being born—or shall I say weaned? To paraphrase Bernard Shaw, the time may come soon when it will not even be the best medium between the two countries for exchanging insults.

Yet in some ways, the English are more economical and direct than we are. They say *lift*, which is shorter and better than *elevator*. We match them with *gas*, when they say *petrol*. But they say *tram*,

and we say *trolley*. Even these odd words show how we are drawing apart.

It is interesting to go back of some of our most substantial names and titles and see where they came from. In the title *Chamber of Commerce*, the word *Chamber* has had a long and varied career, beginning with *vault*, which was used (Lat. *camera*) for a covered wagon. But in the original Sanskrit it meant crooked (*kam*, to be bent, curved) and in the Irish and Gaelic it means that (*cam*, crooked).

Probably any member of any chamber of commerce would laugh now at the ancestry of *chamber*, merely because the integrity of chambers of commerce is so firmly established that there is nothing to be lived down. Besides, who bothers about the past?

The bad name of chambers

THUS *commerce* is nothing but a combination (certainly not in restraint of trade) between *cum* (Lat. with) and *merx*, which means goods. So that if we wished to be irritating, we could say that, philologically, a chamber of commerce means something resembling crooked goods. As for that abominable word *goods*, it dates back to Piers the Plowman (*goodes*) but is used merely as the plural of virtue or good; and of course that is, commercially, what we mean today. When we have goods to display, we are dealing in concrete virtues. They are goods because by buying them you will be doing your-

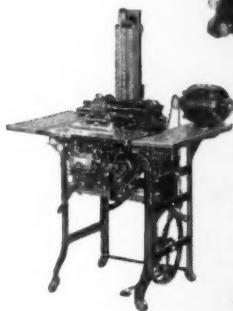
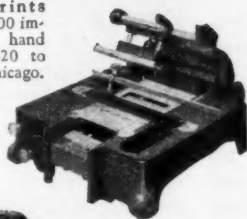


When primitive men went into conference they put a plank upon their laps



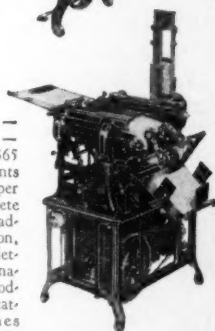
Multiply the work they do 10 to 50 times—at less cost

Model H-3 — \$75. Imprints names or data, 1200 to 1800 impressions an hour! Other hand operated models from \$20 to \$105. All prices f. o. b. Chicago.

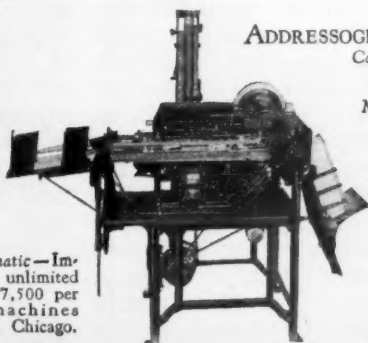


Model F-2 Electric — Handles name and data writing on all forms thru a ribbon, 2,000 to 3,000 an hour. Electrically operated models \$285, up, f. o. b. Chicago.

Dupligrph — Model D-3 — Leased at \$65 per month. Prints 2,000 letters per hour, complete with name, address, salutation, date, entire letter and signature. Other models of duplicating machines sold at \$57.50 to \$1,770.00 f. o. b. Chicago.



Model A-4 Automatic—Imprints an almost unlimited variety of forms, 7,500 per hour. Automatic machines \$485 up, f. o. b. Chicago.



Cardograph — \$57.50 f. o. b. Chicago. Produces 1500 messages on post cards in an hour!



"HAND WORK" has failed to keep pace with modern business. Time is too valuable — mistakes are too costly.

Addressograph products, used in every size business, write and imprint thousands of office and factory forms 10 to 50 times faster than hand methods *and without errors*. The range of work done is almost unlimited — heading statements, etc.—writing sales letters, etc.—filling-in collection forms, etc.—imprinting factory job tickets, etc.—listing payroll forms, etc.—writing checks, etc. — writing tags, labels, etc. — addressing wrappers, listing mailer strips, etc.—duplicating and printing letters, forms, etc.

The unnecessary expense and waste of "hand work" in your business can be eliminated. Mail coupon below for helpful advice and information.

Sales and service agencies in the principal cities of the world

ADDRESSOGRAPH COMPANY, 909 W. Van Buren St., Chicago

Canadian Head Office and Factory: Addressograph Co., Ltd., 30 Front Street W., Toronto, 2, Ont.

European Head Office and Factory: London, England. Manufacturers of Graphotype, Addressograph, Dupligrph, Cardograph, Speedaumat

Mail
with your
letterhead to

ADDRESSOGRAPH CO.
909 West Van Buren
Street, Chicago, Ill.

We are interested in eliminating the unnecessary expense and wasted time of "hand work" in our business. 7-29

Addressograph

TRADE MARK

PRINTS FROM TYPE

Copyright 1929, Addressograph Co.

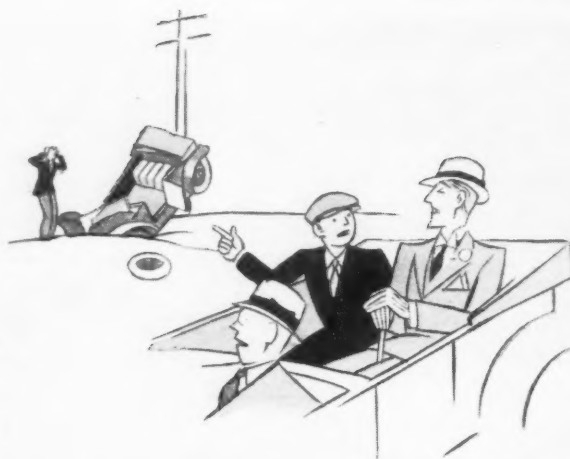
When writing to ADDRESSOGRAPH COMPANY please mention Nation's Business

self much good. If we take a kindred title, *Board of Trade*, we find that *board* meant originally a plank. Probably when primitive men went into conference they put a plank or a long piece of bark on their laps, just as card players on trains do nowadays. As for *trade*, it once meant path. Surrey, in his translation of Virgil (*Aeneid* XI 593), writes, "A common *trade*, to passe through Priam's house." In Anglo-Saxon it really meant tread, so that a tradesman was one who followed a certain path. We see here the ancient pedler looming through the chronological mist. If at that time there had been boards of trade, they would have consisted of meeting of pedlers over a common table to settle their differences and "amalgamate their interests."

As for *instalment*, it originally meant to settle, and in Hall's chronicle of Henry VIII he writes, "To be installed or inthronized at Yorke." And so we might say today that a process of installation is merely to have one's newly bought (but not paid for) car "inthronized in one's garage." It seems almost a pity that better, more melodious, certainly more comfortably sounding words cannot be selected than many of those horrible examples in use. What a nice word is this *inthronized*; it has a kind of regal background. But it is too long and would never do.

Many of us shudder at *demonstrate*, *sales resistance*, *contactman*, *coverage*, and, in particular, that horrid monster, *obsolescence*. You may think that I am too fussy. But mark you! If we cannot have beauty in words, how can we have beauty in anything?

Most of our conversation is about things we are buying. In an age of machinery, of big business, we naturally use the terms of big business. If we buy a car, as we are always buying cars, our imme-



"But my dear chap," the Englishman said, looking blankly, "I know nothing about that"

mediate interest lies in its resale value. We discuss its carbon removal quality. And is it a pseudoscientific product? Salesmanship is a recent addition to the dictionaries, showing the progress of this art, or profession—as you will.

We do attempt refinements. When woman began to crowd into the offices and take the place of that ancient institution, the office boy, we called his female successor a lobby girl. Now we obsequiously refer to her as a hostess. The phrases "men's pants" and "ladies and gents" are becoming obsolete, but "ladies invited" still has its place in certain windows—as if any lady would want to accept such an invitation. We see in this attempt at elegance a higher urge for something which is still undefined but which we may call beauty. Thus the sign "a restaurant of surpassing excellence" appears to set the restaurant owner away off somewhere, there to sing praises to an experience separated from all prejudice.

One of the favorite tricks is to turn nouns into verbs willy-nilly. A quiet, harmless noun, wishing nothing more than to pass its life in peace, is thus seized by the scruff of its neck and made to labor by the sweat of its brow. For example, *market* once was a restful square, where people came to buy and pick and choose. Now we *market*. We *must market* indeed, or go broke. If a mass-production industry doesn't *market* its product, by seeking out untold prospects and making them come across on the instalment plan, where are we? A *mortgage*, too, was a quiet affair in days gone by. But now we can *mortgage* anything, and many of us do. We *type*, we *stock up*, we *'phone*.

Then again, if put to it, we do not hesitate to turn verbs into nouns. We began by asking questions; we immediately evolved the *questionnaire*. And every ambitious young man in an office is looking forward to a "raise" in

his salary. Where we have to use several words, we cut them down to initials, as "F. O. B. Detroit," and even here the salesman's instinct is in evidence, the first letter standing for *free*. This seems to imply that it is a concession for a manufacturer to put a car on a railroad free in Detroit, when as a matter of fact the buyer pays the freight and knows he pays it. There is actually no deception—it only seems so.

Some years ago I wrote the follow-up letters for a large corporation. It was customary to begin each letter with "Dear Friend." It was decided in conference that this sort of thing belonged to the mid-Victorian age, so I was requested to make it "Dear Mr. Blank" or "Dear Madam." This increased the cost, but it was deemed best. After a fair trial, however, I was ordered to go back to the old terms. Nothing better than "Dear Friend" could be devised.

And this is still true of a number of other phrases, like "Yours sincerely" and "Yours cordially." All these expressions come under the title of weather terms. They mean nothing and they mean everything. When we try to invent anything new, we are likely to defeat our purpose. It has seemed to me for some time that the most insulting thing a man can do, after writing to ask you to do something which may or may not occasion your inconvenience, is to wind up with "Thanking you in advance." And a close second to this in my mind is the inscription on a letter "Attention of Mr. Soandso."

A mild impertinence

WHO can explain why these phrases are offensive? In the first instance, sending thanks in advance presupposes the granting of the request—an unwarranted liberty, in many instances. In the second instance, you imply that the man whose "attention" you desire to attract is surrounded by a group of half-wits who have to be directed to do a perfectly obvious thing.

Take the word *merger*, which comes from *merge* and which means to combine. It originally meant to plunge into water (Lat. *mergere*, to dip).

We have no conception of how our new business words are overlaying our national vocabulary. Nobody is spared to get results. Concrete nouns are made out of abstract ones. *Good* is thus "merged" into *bonus*, and certainly nothing is more concrete than a bonus, especially when it comes at Christmas time. *Medium*, which once meant an abstraction, is now used as a convenient noun with an adjectival sense to express all kinds of things, from spirits to periodicals.

Sometimes a word or a phrase which fills a long-felt want comes into such



When the owner wrote the sign, he was too far away to see what he described

widespread use that it becomes shopworn and eventually destroys itself.

Such a single word is *reaction*. If I hear it once, I hear a dozen times a week the phrase, "What is your reaction?"

To go back to the growing differences between the British and American tongues. I was in a car with a young Englishman the other day. An American boy sitting beside him, seeing a car badly wrecked at the side of the road, suddenly exclaimed:

"Well, what do you know about that?"

"But my dear chap," the Englishman said, looking at him blankly, "I know nothing about that."

Idaho Host to Air Conference

GOVERNORS of Utah, Nevada, Washington and Oregon have accepted Governor H. C. Baldridge's invitation to attend the Western States Air Commerce and Airways Conference in Boise, Idaho, July 8, 9, and 10. The purpose of the conference is to provide a permanent organization for the development of measures that would regulate the industry in all the western states. During the conference representatives of the industry and officials of the western states will meet for discussion of their common problems.

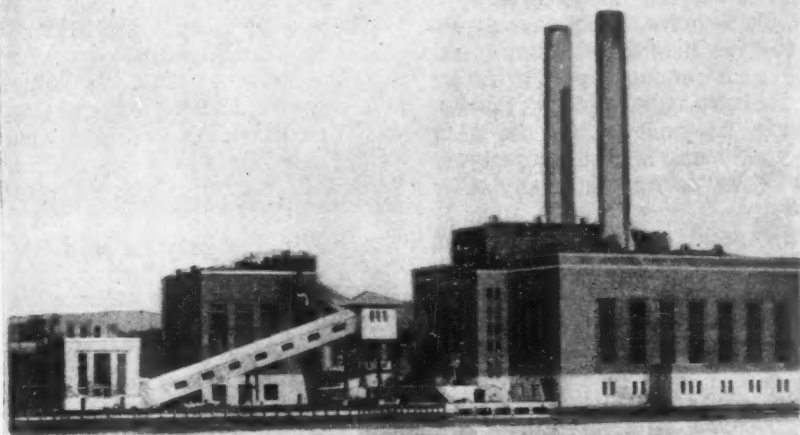
Indicative of the progress of special legislation is the Idaho law, passed this year, which gives the commissioner of public works the power to negotiate with other western states toward the establishment of interstate airways. The legislature realized that air travel is fundamentally interstate travel and that the problem should not be considered from the viewpoint of one state alone. This fact was further manifested in the manner in which the legislature settled the license provision of the law. The state has its own license system, but no plane or airman who does not carry a license issued by the United States Department of Commerce may apply for a state license.

A preliminary conference, held in April and attended by representatives of air transport companies and industrial concerns, developed the considerations to be undertaken at the forthcoming meeting. It was apparent that legislation has lagged far behind the growth of aviation and that many states have no laws relating to aeronautics. It was the unanimous opinion of the representatives at the preliminary conference that the greatest help which could be given the aviation industry at this time would be the adoption of a uniform code of laws by all states in the western group. Simplicity of legislation was one requisite for which the representatives appealed.

—WILLIAM B. PRATT

SOLVING FUEL PROBLEMS

Steam power station work of the Stone & Webster Engineering Corporation includes industrial and utility plants operating with record economy on all kinds of fuels. In many instances, coal, oil and gas burning stations are so designed that they can be changed at any time to pulverized coal. Some stations operate on either oil or pulverized coal or both as occasion demands. Some burn oil or gas or both. This flexibility of design enables owners to profit by changes in the local fuel market. Our wide experience in solving fuel problems is offered to manufacturers and others who plan to build new plants or revamp old ones to meet new requirements.



STONE & WEBSTER
ENGINEERING CORPORATION

When writing to STONE & WEBSTER ENGINEERING CORPORATION please mention Nation's Business

Can I Use My Name in Business?

Yes . . . if you're careful just how you use it

By CHARLES MELVIN NEFF

Former Counsel with the Federal Trade Commission

SUPPOSE your name is Henry Jones and you intend to set yourself up in the business of manufacturing and selling hammer handles and to call the industry you are so expectantly fathering the "Jones Hammer Handle Company."

Suppose also that in the same city or a nearby city, Jacob Jones has for years been manufacturing hammer handles and, by habits of honesty and capable workmanship, has built up a reputation for his product. Suppose he, too, calls his company the "Jones Hammer Handle Company."

He will, of course, object to your proposal to enter his field with him, making a similar product under a similar name. He has a right to protect the reputation he has built up. On the other hand, your name is your property to use and enjoy as you would any other property.

In this specific case, you have a right to use it, provided you do so honestly and do not, by fraud, artifice, or deceit, attempt to palm off your goods or your business as those of your older competitor.

Such a case came to the courts recently. J. M. Fenton organized the Fenton Storage Company in 1908. For 20 years he engaged in the storage business. His brother once worked for him, but later went into the storage business on his own account under the name of H. M. Fenton Storage Company. His business was in another neighborhood, it was small compared to J. M. Fenton's business, his signs were not similar, his van was of a different color and he did nothing calculated to mislead the public.

The court refused to issue an injunction in favor of the senior corporation.

In such cases the inconvenience or

loss resulting from mail and telephone confusion—even the fact that some patronage intended for one may go to the other—is recognized as a damage but not as a legal injury.

Where there is no competition, the case is simpler. Thus the court refused an injunction when the Tecla Corporation, engaged in selling artificial pearls, sought to prevent an individual named Tecla Eagle from using the name "Salon Tecla, Ltd.," for her beauty parlor.

A name may be sold

HOWEVER, there are other ways in which the beginner in business may meet the problem of whether he can use his own name. It may occur when he tries to register a proper name as a trade mark; it may arise when a person or firm sells a business and attempts to start a new concern that would compete with the purchaser; it may arise if one wishes to give his own name to a partnership or corporation for, as Justice Holmes explained, "There is no distinction between corporations and natural persons in the principle, which is to prevent fraud."

A name that a beginner might otherwise be permitted to use sometimes becomes deceptive when used in conjunction with a certain trademark. Thus the Walter Baker Chocolate Com-

pany has been upheld by the courts in frequent actions against persons whose right name was Baker but who were selling their chocolate as "Baker's Chocolate" under labels which might lead the purchaser to believe he was buying the Walter Baker product.

A merchant's personal name used in his business is his authentic seal. By it he vouches for the goods which bear it; it

carries his name for good or ill. If another uses it he borrows the owner's reputation which then no longer lies within his own control. This is an injury even though the borrower does not tarnish that reputation, or divert any sales by using the mark.

Even if the beginner is making products not manufactured by the older concern, the question may arise. Of course, if the products are dissimilar, the beginner cannot be considered a rival of the older firm, even if the marks are somewhat similar. There is no competition and there can be no actual deception of the public.

However, even in this case, if the beginner's goods and those of the older firm are sold in the same kind of stores to the same class of purchasers and are the same general kind of goods—for instance, hardware—an injunction may be granted or, if used in a trade-mark, the Patent Office may refuse to register the mark.

It is not necessary for the older firm to show that any person actually has been deceived; it is the likelihood of injury that is to be prevented.

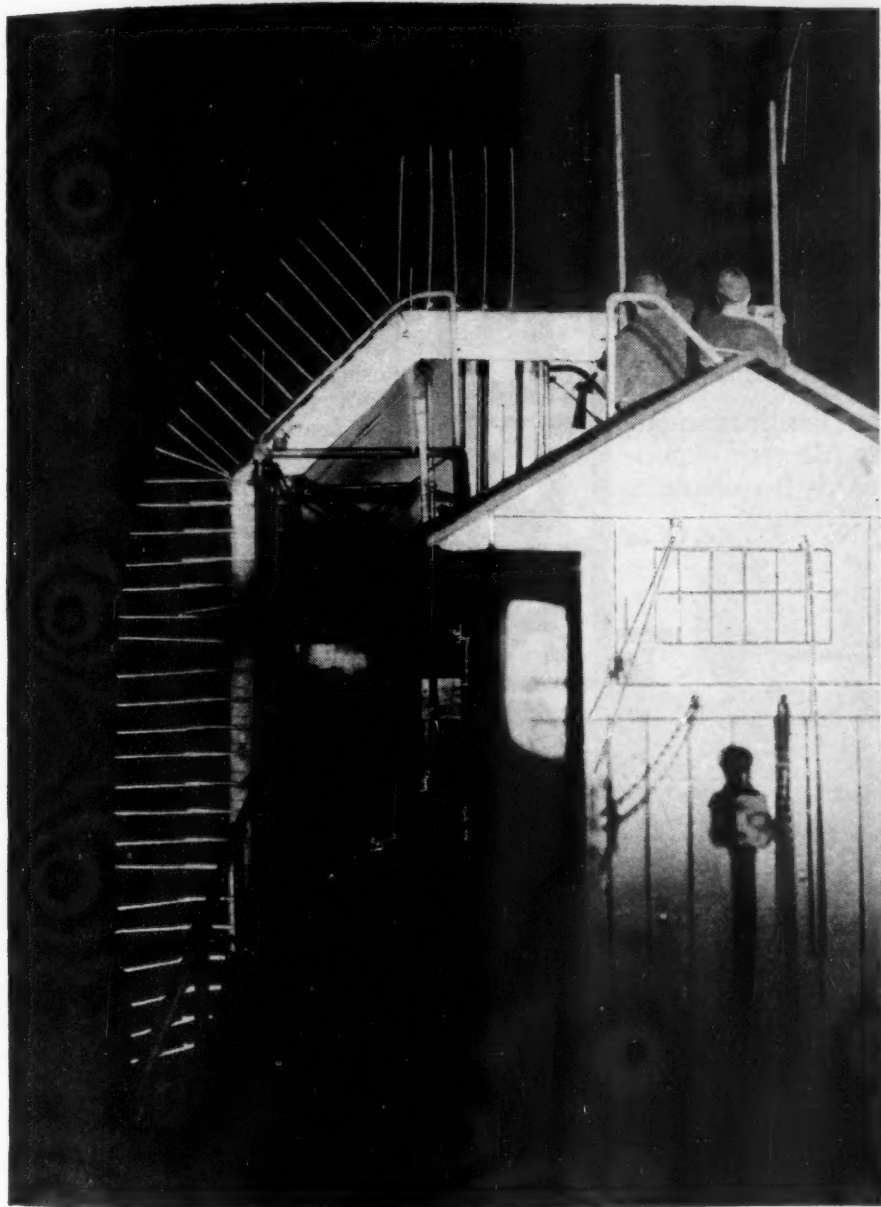
Neither is it necessary for the older firm to show fraudulent intent on the part of the beginner.

Since a name is regarded as property, a person may sell it or, by implying its sale, forfeit his right to use it again. Thus



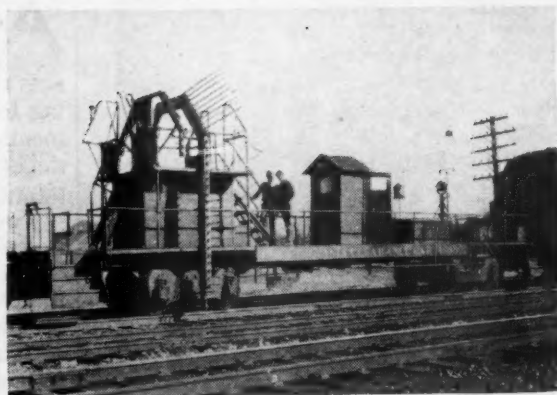
Like mystic fingers . . .

*which
measure the
future*



The photograph above is a close-up of the "mystic fingers" of the Pennsylvania Clearance Car. This car has traveled more than 50,000 miles over the Pennsylvania's lines.

Another view of the Pennsylvania Clearance Car, showing in profile the specially constructed flat car from which the measurements are made.



A RAILROAD is never built. As in a living organism the forces which shape its destiny demand growth, change, adaptability. It must anticipate—in some cases lead the advance of business.

Locomotives are made larger and more efficient—roadbeds built firmer—heavier rails laid. Larger bridges are constructed. Steel coaches are substituted for wooden ones . . .

Very early, the Pennsylvania Railroad foresaw the development of larger locomotives, larger cars, and larger shipments on open cars.

The question was: How large? What height and what breadth might pass safely over the rails, through cuts, under bridges?

Study and experiment developed the Pennsylvania "clearance car." Uncannily life-like, this deft machine has already traveled more than 50,000 miles over the Pennsylvania's lines.

It probes. It feels out a path for the Iron Monsters of the future, as yet unborn. Its numerous outstretched fingers flex—lengthening, shortening—measuring accurately.

For "bigger business"

The information, carefully tabulated, is one of several accurate bases upon which the Pennsylvania builds for the future. The measurements obtained by these thin fingers may—when it seems advisable—cause mountainsides to be blasted, bridges to be raised, tracks to be lowered—the expenditure of millions of dollars.

All this aids definitely in the expansion of business. The Clearance Car of the Pennsylvania prepares for the transportation of—and therefore speeds the production of—the larger and heavier pieces of machinery which industrial America will inevitably need.

PENNSYLVANIA RAILROAD

Carries more passengers, hauls more freight than any other railroad in America

AN IDEA *that has improved* *Shovel and Crane operation*

FIVE YEARS AGO Thew engineers introduced the Center Drive idea in power shovels and cranes.

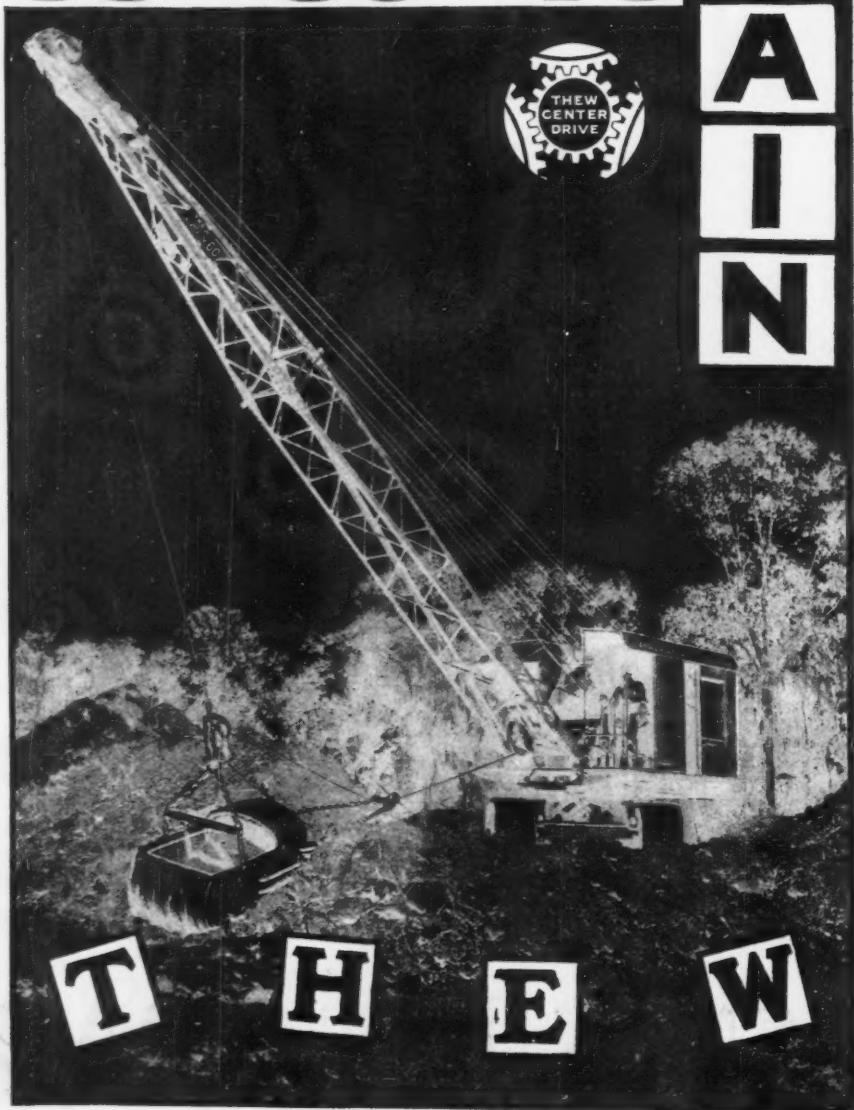
Here was a basic principle that simplified the construction, applied the power simply and efficiently, combined stability with less weight, and gave the operator new ease of control.

The unceasing research of Thew engineers in the elimination of inefficient mechanism has given Thew Lorain owners, today, power, speed, mobility, and all 'round rugged performance that was thought impossible four or five years ago.

To buy a crane or shovel without first investigating Thew machines is to buy a piece of expensive equipment which may already be obsolete.

THE THEW SHOVEL COMPANY · Lorain, Ohio
Shovels · Cranes · Draglines · Backdiggers · Locomotive Cranes
Gasoline, Diesel, Electric and Steam Power

55 - 60 - 75



L O R A I N

Patrick J. Tierney and his sons sold the wagon business they had established under the name P. J. Tierney Sons, a co-partnership. The purchaser was a corporation, P. J. Tierney Sons, Inc., of which three Tierneys owned all the stock. The business established a national reputation and the Tierneys sold their stock, organized another corporation called Tierney Brothers, Inc., and established a competitive business. The court held that this was unfair competition and issued an injunction.

In this case there was no covenant to refrain from competing. The principle is that a man or corporation may not derogate from its own grant or violate an implied contract to abstain.

In a similar case an undertaker's widow started business on her own account, using the name V. L. Speare Company. The name and initials were her own, but the court ruled that she could not use the name "Speare" unless it was accompanied by the words "neither the successors of, nor connected with, the original W. R. Speare establishment." The business of the original company had been purchased by another concern.

Court action requiring use of such a distinguishing or qualifying statement is not unusual. Neither is it unusual for the court to fix the position of the name or mark on the wrapper or label. Thus some companies are required to sign their products on the top or on the sides or bottom.

New questions as to the use of names are constantly arising and each must be decided on its face and not by legal definition. It is therefore important that the beginner, before adopting a name for his business, determine that he is not trespassing on the rights of another company which has a prior claim to the title or trade-mark he had intended to use.

Don't Quit Too Soon

ACERTAIN successful man remarked to me recently that every young man starting out in business should think of himself as belonging to a Stick-To-the-Finish Club. He mentioned several examples of men who might have been rich except for stepping out too soon.

Two brothers years ago were in the ice cream business in a Middle Western city and their company became one of the biggest in their state. But they lost confidence in the future of the business and sold out to another brother who was willing to carry on. Today he is worth millions and the others have scant wealth.

Pioneers in building a small camera for amateur use lost their savings because they gave up just when the idea was ready for adoption.—F. C. K.

When writing to THE THEW SHOVEL COMPANY please mention Nation's Business

"Self-service"

_ a real test of the merits of a package

IF all stores were "self-service" stores, how would your package measure up? This is a real test of a package—a test you will want your package to pass, even though the bulk of your sales may not be through self-service outlets.

A woman is selecting a food product, for example. She has several brands to choose from, all more or less the same price. She probably knows little about the actual quality of the products themselves—but *she does get a definite impression from the way they are packaged.*

It is reasonable to assume that this customer will choose the package that is most attractive in appearance... neatly wrapped... adequately protected... the package which tells her, as plainly as the words of a salesman could, that the product is made with conscientious care—that its quality can be relied on.

Our machines produce such wrapping for the leading package goods manufacturers. The work done by these machines is notable for its



uniform neatness—wrappers are smooth and tight, printing accurately registered, end-folds tightly sealed. When the product requires it, our machines also enclose the package in a glassine or waxed-paper wrapper, thus assuring the buyer that the goods are in first-class condition.

If you are seeking a better package for your product—a package than can meet modern competition—it will pay you to consult us. At the same time, we will tell you if we can save any money on your present packaging costs. Get in touch with our nearest office.

PACKAGE MACHINERY COMPANY SPRINGFIELD, MASSACHUSETTS

NEW YORK: 30 Church St. CHICAGO: 111 W. Washington St.
LONDON: Baker Perkins, Ltd., Willesden Junction, N. W. 10



PACKAGE MACHINERY COMPANY
Over 150 Million Packages per day are wrapped on our Machines

When writing to PACKAGE MACHINERY COMPANY please mention Nation's Business



Fokker Conquers Canada's Distances

UNTIL the birth of Western Canada Airways, Ltd., millions of miles of wilderness in northern and western Canada had, for ages, defied man's every effort at conquest and dominion.

Impenetrable forests, impassable mountains, unnavigable rivers, treacherous glaciers and icebound lakes and bays were Nature's barriers to this beleaguered land, stretching beyond the rich farm belt of Manitoba. Months on end, this vast domain lay locked in the grip of winter, its isolated outposts denied all contact with civilization.

Only thirty months ago, Western Canada Airways, Ltd., with headquarters at Winnipeg, brought the quickening touch of a new transportation to this magnificent empire in the making. Its fleet of seventeen Fokkers has flown more than one half million miles—transporting more than two million five hundred thousand pounds of mail, express and freight and more than seven thousand passengers to distant centers, far flung trading posts and rich mines beyond railhead. Of their thousand of flights, many were made in subzero weather with skis for landing gear.

Other airways now offering regularly schedules service, with Fokker comforts, include Universal Air Lines; Texas Air Transport; Standard Air Lines; National Parks Airways; Dominion Airways; Pan-American Airways; Western Air Express.

Write your name and address and vacation destination in the margin below, send it to the Fokker Travel Bureau, 655 Chamber of Commerce Building, Los Angeles, Calif., with a five-cent stamp (to pay air mail postage) and let us send you our illustrated booklet, "Flying with Fokker."

FOKKER AIRCRAFT CORPORATION OF AMERICA

Factories: WHEELING, WEST VIRGINIA, and TETERBORO AIRPORT, HASBROUCK HEIGHTS, NEW JERSEY
Address inquiries NEW YORK OFFICE, 110 EAST 42nd STREET

Name

When writing to FOKKER AIRCRAFT CORPORATION OF AMERICA please mention Nation's Business

Science Shows Its Newest Wares

By HARRISON E. HOWE

Editor, *Journal of Industrial and Engineering Chemistry*

THE TWELTH Exposition of Chemical Industries, held in New York in May, served, among other things, to show what science has done to industry in the last year and to indicate some of the trends.

We were most interested in noting how some of the materials shown as new products a few years ago have so grown up as to find their place in industry and are taken now as a matter of course. In each of these expositions something new slips in and frequently the man who displays it has no idea as to its ultimate utility. But he shows it to his fellow scientists, indicates something of its chemical and physical properties, and rests assured that if it has merit, someone will find an application for it, even though it be in a line of which he did not dream when he conducted his research.

The comparatively rare metallic element—columbium—made its bow. We do not know as yet just what to do with it. New products from coal with an equally uncertain future were there also.

Our old friend furfural affords an example of what may develop—and for that matter no one knows now how many uses furfural may have. It was shown at one of the earlier expositions. With its appearance, and later the established fact that it could be used in the production of synthetic resins, came the prediction that some day furniture would be molded from synthetic resins. It is just a question of producing the raw materials cheaply enough to give wood another competitor.

Just what he needed

THEN at the exposition last year a scientist working on an improved process for the purification of anthracene, in order that anthraquinone—a raw material in vat dye manufacture—might be made at lower cost, happened upon this same furfural. He knew of its characteristics from the technical literature, but the exhibit focused his attention on it and convinced him that here was the reagent for which he was looking. As a result, the closing days of 1928 saw the perfection of his process and the possibility of using low-grade anthracene, derived from coal, for this important purpose.

The steady introduction of more-than-human automatic devices is impressive. More than human because they rarely

grow tired, never talk back, and continue to do the tasks for which they are set. They place a premium on skilled labor.

Televox, which, thanks to the Knowles grid glow tube, relays and batteries, is able to respond to certain pitched notes and consequently obey signals, was on display. In Washington, machines like Televox report, when called upon to do so, the level of the water in three reservoirs of the city supply system. In sub-power stations devices of this sort enable long distance automatic control. In the plants of industry small differences in electrical potential, in temperature, time, pressure, color, and the extent to which light is obscured offer means of delicate, positive, and reliable control and operation.

In much of this work the photoelectric cell which may be described as a product of chemistry and physics is the indispensable factor. The "electric eye" makes use of the photoelectric cell and makes startling results possible. A little smoke rising from a fire may, through a photoelectric cell, cause carbon dioxide to be released from a cylinder and extinguish the fire.

A mechanical watchman

ILLUMINATION may be controlled by such a photoelectric cell arranged so that when light is thrown upon it, as from a flash light, the system will be put in action. Infra-red light, which is invisible, can be used to operate a burglar alarm, set off when the beam is interrupted, as when an arm is reached toward the door. In Chicago the electric eye operates day and night to count the vehicles passing on the highway, and a similar photoelectric cell may be used to operate a street lighting system, turning it on whenever natural illumination falls below a predetermined level because of fog, cloud, or night.

Even the chemist may find the automatic age capable of doing some of his routine work. The automatic chemist was on display. He consists of a small portable box of metal, tubes, wires, operated by electric current and capable of accurately performing the task of watching 24 hours a day the quality of water supplied from city reservoirs. It is physically impossible for the city chemist to analyze the flow of water every minute, but this automatic chemist has no difficulty in determining the

correct amount of chlorine needed at any moment and keeping a record of its work. The device is already under trial in one American city.

Resistance of materials to corrosion continues to be a favorite field. It costs too much to make replacements and loss from interference with other operations and generally delay means more than the replacement of the corroded member. New alloys, new methods of protection, and improved designs indicate the trend.

Heat finds new levels

MANY modern processes depend upon high temperatures and high pressures. Power boilers are being operated not only at higher pressures and temperatures, but with fluids other than water among which may be cited mercury and diphenyl. In chemistry complicated reactions go forward with commercial yields at temperatures and pressures heretofore impossible. All of this calls for new structural materials.

We have mentioned resins, but their number seems to be legion. New ones are continually appearing, each with its own claims to fame and utility, and with new and unexpected chemical combinations.

The exposition brought out one effect of research in industry which is sometimes overlooked. With the introduction of chromium plating, it might be thought that nickel plating would meet serious interference. On the contrary, chromium plating has called for a better job of nickel plating, since thus far the best plate is that of chromium over nickel, which in turn is over copper flashed on the underlying base metal. The better the underlying coats, the more satisfactory the chromium plating, and so the growth of this new process has called for better plating equipment and greater use of nickel, and again emphasizes the importance of the skilled man in industry.

It is all a part of the constant change which characterizes our civilization, the striving for increased endurance of our possessions, and greater variety of raw materials from which to choose, the conduct of manufacturing with greater precision and less dependence upon unskilled labor, and the introduction of those efficiencies which permit a steady reduction in cost with increased production.

BECAUSE The Youngstown Sheet and Tube Company controls its raw materials and handles all manufacturing processes in its own plants there is no divided responsibility for their quality.

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LONDON REPRESENTATIVE—The Youngstown Steel Products Co., Dashwood House, Old Broad St., London, E. C. England	

Even the Big Can't Stand Alone

(Continued from page 17)

is president. He is now head of a \$75,000,000 corporation and several dozen wise men of Wall Street are getting tips from his broker as to what he is buying.

With a proper feeling for his importance in the world of business, he is now "in conference" whenever the secretary of the Institute of Gadget Blowers calls—he has forgotten how, before the merger, he took the secretary out to lunch and bled him of all he knew about the industry.

Alone, he may not be very important. But he is important in so far as there may be a little of his attitude in any executive who is still very busy getting a newly merged corporation running smoothly.

Why should he bother belonging to the Institute? Doesn't he control 57.7 per cent of the gadget business? They can't stop him. It'll be 75 per cent within two years. He has the best advertising agency in the country and has just O. K.'d two page spreads in colors with his picture on them—the opening gun of a big million-dollar advertising campaign!

Good ads. They impressed his wife. "It's really you," she said. "I always did admire your strong chin."

No, he is going to run his business efficiently and economically. Nobody can accuse him of throwing money away on such useless things as trade association dues. What would he get out of the \$10,000 spent like that? He has already accepted the resignations of several production men and a few sales managers who had been in the business 20 years and active in the Institute—just dead wood. What good is an association, anyway? He has cut out competition by combining seven competitors.

Association too much bother

BESIDES, he has no time for associations. A lot of annoying and unexpected little things keep coming up to bother him—he even had to cancel a golf date once. Of course, they are trivial matters which will clear themselves up, but they take up time in listening to nervous managers and assistants and signing papers and things.

There was, for instance, that matter of freight rates—there was a big increase in the rates on bicarbonate of soda and chrome steel, the raw material of his gadgets, and there was a big freight increase on finished gadgets in less-than-car-load lots.

His sales manager piled his desk with a lot of reports from the men out on the road complaining of price cutting and "free deals," "inside terms" and exclu-

sive distributor contracts by competitors, and how could they be expected even to remember all the different kinds of gadgets made by all the seven plants, let alone sell them? How could they be expected to make any sales at all with the country flooded with cheap imported gadgets from Jugo-Slavia and Burma?

Revolutions in the industry

THE fool production manager showed him a memorandum from one of his young engineers who had heard a paper read at his technical society meeting which described a new patented method of making gadgets, resulting from research, which would cut costs by three-quarters and produce better gadgets. And there was an article somebody showed him in which some wild-eyed professor had declared that because of new developments in housing and transportation and the improvement of new synthetic materials, the whole gadget industry was doomed.

Oh, well, the American Gadget stock was up three points yesterday and his pool managers promised that they would have it at 75 by a week from Thursday.

Let us leave him while he's happy.

Some day within the next two years, perhaps, he will awaken to the fact that no corporation in the country is big enough, or can be big enough, to go it alone. This fact has nothing at all to do with the big corporation's "duty to the public" or "responsibility for the trusteeship of industry" or "noblesse oblige" or service. It is just selfish, material, hard-boiled common sense to cooperate with your competitors, because, no matter how big you are, what percentage of your industry you "control," the fate of your business is just as much in your competitors' hands as in your own.

Long before he discovers that he will probably realize that competition in his industry has become more bitter. This will surprise him as it is surprising men in a number of industries at this very moment, because isn't one object of mergers and consolidations to reduce competition? But just how can competition be reduced when a group of companies doing a total of 40 per cent of the business of an industry are consolidated and immediately set a quota for the new corporation equal to 60 per cent of the business? Where will that other 20 per cent come from?

They are a strangely varied bunch of sandlotters, these men of American business. Each lot has a couple of big boys—and in a few of the lots the little fellows have discovered that they can have a better time somewhere else as soon as the big boys appear. In most lots, the big boys are just good scouts. In the few others they either won't play at all, or else they think the game is theirs.

After all, I suppose, it is only human nature for a big boy, once in a while, to

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In hundreds of places and for hundreds of things Toncan has demonstrated that it is a positive protection that is decidedly worthwhile.

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act big boy. In nearly all cases, however, the big boy has learned that it is better to play with the crowd than to bully or sulk—that even the biggest brute may be mighty uncomfortable if the little fellows get together to annoy him.

Some big corporations have discovered that the small ones are no more worth bothering about than a monkey-wrench in the gears or sand in the lubricating oil. The very few unfortunate ones have learned that when an industry is on the toboggan the big boys on it make it go down so much faster.

Who is responsible for bad trade practices in any industry—for price cutting, for "skinning" on quality, for disguised "inside" deals, for misbranding, for unfair competitive tactics—the big fellow or the little fellow? This question is in the same field of speculative philosophy as the chicken-and-egg controversy.

Whether the big fellow starts it with hogging or the little fellow with sniping, the important fact is that every industry has this kind of competition.

Whether they like it or not, the little fellows are driven to it in desperation. They must do something to get business. No corporation, no matter how big, can be efficient or receive its full and just profit under such conditions. The big corporations have just as much to lose from vicious competition as the small ones.

That trade association is most successful and is doing the best work for its industry and for the nation in which the big members are paying their proper share of the budget and devoting the proper share of time and thought to its activities. In such associations the big members are real leaders—leaders, not bullies. They do not try to twist the work of the association to their own particular ends. They do not use the association for pulling their own special chestnuts out of the fire.

What Makes Price?

ALAWYER friend tells me of settling up the estate of a man only moderately well off and finding a bill for \$85 against the man's young widow from a milliner. The charge turned out to be for a simple little mourning hat for the widow to wear to the funeral.

"The milliner was so obliging about getting it ready in a hurry," the widow explained, "that I dislike to complain about the price."

It seems as if when a person is sorrow-stricken or in any kind of trouble, somebody with business sense is always ready to be kind and obliging for a consideration. All of which prompts me to inquire why mourning goods should be so much higher-priced than similar goods in colors.—F. C. K.

Do We Executives Earn Our Pay?

(Continued from page 21)

of the most serious of our distributive problems. I have found no other single factor, with the exception of concession and quantity pricing, that burdens our merchandising with more unnecessary costs and contributes so directly to the demoralization of our national distribution.

Reciprocity buying by an industrial organization is the practice of confining purchases as far as possible to those manufacturers and others who buy the organization's products. On the surface, this practice looks like a simple and friendly expedient to swell volume; but too many of our industrial executives have failed to think beneath the surface, for the evils of reciprocity buying have seriously affected our manufacturing, the distribution of our goods, and our transportation facilities.

Some concerns frankly tell our salesmen that they will not place orders with our company unless or until we buy from them. This, to my way of thinking, is commercial bribery, for the effect is the same when business is purchased with orders as when it is bought with money.

The manufacturing facilities of our own industry are more than adequate. Our plants were operated last year with fair regularity, and we sold a very large output. Our factory management was excellent, and in alertness and intelligence our salesmen will rank with the best in the country. Plainly, our failure to earn a satisfactory return on our capital invested is due entirely to unintelligent executive management.

More room at the top

WE FREQUENTLY hear the statement, usually repeated for the encouragement of beginners in business, that there is always room at the top. If this is so, all ambitious young business men should feel mightily encouraged, for soon there will be more room at the top of the ladder than we have ever seen.

It is plainly indicated that the present condition cannot exist much longer. Very soon, I feel sure, boards of directors, prodded by curious and impatient stockholders, are going to discard all alibis and insist upon knowing the actual facts.

When that time comes, a large number of executive chairs at and near the top of the ladder will be vacant temporarily, and as many high priced executives will be looking for jobs. Then the rest of us executives (if I may include myself among the fortunate minority) will be struggling to maintain our foothold by doing a lot of hard, logical thinking, and by taking pains to earn our salaries.

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Another Way to Prosperity

(Continued from page 44)

longed and intensified a depression out of which business could have brought itself in a short time if left alone."

"I never thought of these possibilities," said the P. R. "You say the real remedy for industrial fluctuation is known. What is it?"

"It is central bank regulation of the reserves of commercial banks," said the Governor.

"Will that always be effective?" asked the P. R.

"It can be relied upon always to prevent a runaway boom. If the country can be persuaded to make a rather startling, but really very simple change in the legal dollar, it can probably insure that we will never fall into depression.

"Its power to prevent booms by contracting reserves and thus forcing a tightening of credit is positive and can always be made effective. Its power in the other direction is limited to making additional supplies of credit available at attractive interest rates.

"A good many persons whose judgment is entitled to respect disagree with my belief that business will always take advantage of such opportunity if it is offered before a slump has become severe and business men have been scared into undue caution. If I am wrong, Connor's scheme scores one point. It can be of use in case the self-starter of business doesn't work without delay."

"What do you mean by self-starter?" asked the P. R.

A word for broker's loans

"PRECISELY the thing that is being so condemned at present," said the Governor, "call loans for stock market trading."

"I don't understand" said the P. R.

"You're not alone," said the Governor, "but it's nothing very mysterious. When the banks have surplus reserves it is profitable to make loans at almost any rate of interest if this can be done without bringing about a corresponding cut in rates to regular customers. Brokers' loans offer a means to this end. The market for these is indefinitely expandable as interest rates are dropped."

"But," interjected the P. R., "isn't this just what all the fuss has been about? The stock market absorbs the available credit and legitimate business gets no benefit."

"Yes," replied the Governor, "there has been a lot of such talk by those who ought to know better. The stock market uses loans but it does not absorb them. The purchasing power represented by

such loans goes right on through the stock market and into the regular channels of trade where it acts as a stimulant to production just as truly and probably as quickly as if the loan had been made directly for construction work.

"Suppose B borrows credit and buys securities from C. This leaves C with money to spend. He may spend it for something else or may buy more securities from D. But in the latter case D is left with money to spend. Always no matter how many transfers take place some seller is left with money he would not have had if the original loan had not been made.

Each loan means goods sold

"ACTUALLY what happens is that some sellers go back into the market, some put their money into other things, and some do partly the one and partly the other. Also the new money in the stock market causes security prices to rise and this stimulates increased spending not only by those who actually sell at a profit, but also by holders of securities who merely feel richer by reason of paper profits.

"It also stimulates the marketing of new securities. Very soon, therefore, the stock market loan becomes a demand for goods.

"Practically none of the purchasing power represented by a loan stops for any long time in the stock market. That is proved by the fact that the rise of security prices brought about by such loans stops almost instantly when the supply of new loans is cut off. If the money kept going back into repeated purchases of securities and no new securities were issued demand for securities would always exceed supply and their prices would rise without limit.

"In this connection you might note that some rather muddled thinking has been shown in the economic bulletins of the banks in the last few months. Almost without exception they have bemoaned the great volume of credit 'diverted' from legitimate business to brokers' loans and have given as their evidence the volume of such loans.

Boom was inevitable

"YOU can see that this means nothing by going back to our example of B borrowing to buy stocks from C. Suppose that C immediately puts the money into a new house or automobile. The proceeds of the loan have gone into the regular channels of trade, but the loan still stands in the record as a stock market loan. Though the process is not usually

quite so direct as this, it is the same in effect. Financial writers have been more surprised than need be by the booms of business in 1928 and the early part of 1929 in spite of the high money rates. It may be surprising that the stock market should have continued to take new loans at the prevailing high rates, but since it did so, it was quite inevitable that the stream of new purchasing power flowing through it into business channels should have brought the business boom.

"And the converse proposition holds. If there had been no stock market speculation it would have been necessary to have provided in some other way approximately the same expansions of bank credit if business and employment were to be maintained at the same high level.

"The stock market is not absorbing credit that otherwise would be available for business. Business is being financed by way of the stock market.

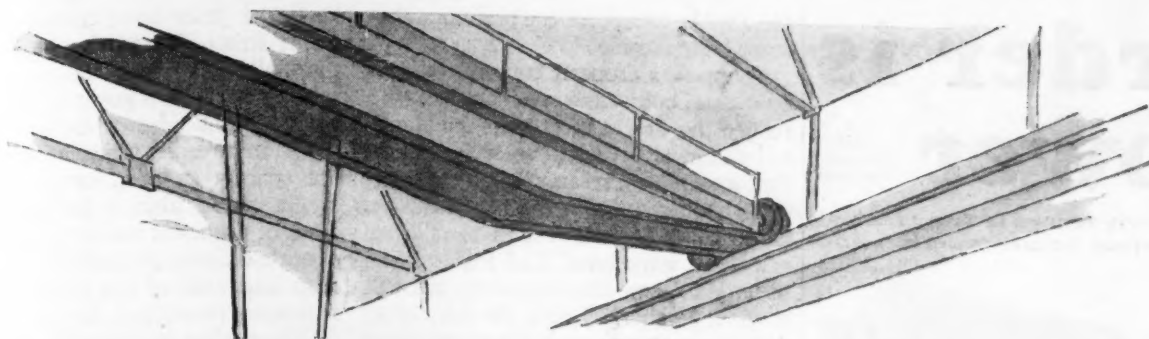
"When I started to tell you how central bankers could regulate business activity I put in a qualification. We can scarcely hope to keep indefinitely such a portion of the world's gold as we now possess. Sooner or later we shall begin to lose it to other countries. In the meantime our own credit requirements steadily rise.

We'll need a flexible dollar

"WE MUST, it seems, look forward to a time when our reserves will become inadequate to support our credit structure without a drop in price level. If we retain our present dollar, the reserve banks must choose between allowing an indefinite period in which they will be unable to prevent depression, or manipulating credit to deepen and lengthen the initial depression so that prices and wages will fall enough to bring about a new situation of surplus reserves.

"The difficulty with this second alternative even assuming the banks would feel justified in taking it, is that the situation might not stay put. If labor became so well organized and aggressive as to force wages upward faster than the situation warranted, it would be necessary to release more and more credit to prevent unemployment. Even without aggressive labor action the shortage of reserves might come about if, as could easily happen, a fall of prices in foreign countries resulted for us in a persistent adverse balance of trade.

"The possibility of the breakdown of industrial regulation because of such occurrences can be ended by a very simple change in our money unit—sim-



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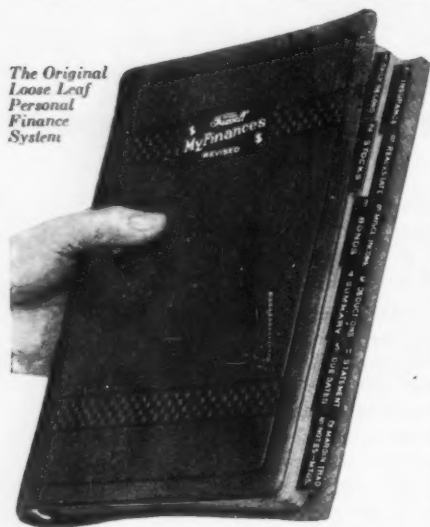
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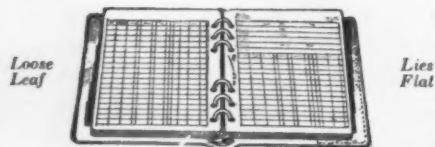
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ple, that is, except for the prejudice that must be overcome.

"Suppose a properly constituted governmental body were given authority to reduce the weight of gold in the standard dollar whenever it became evident that a surplus of reserves could no longer be maintained except at the cost of a descent through depression to a lower price and wage level. The Federal Reserve Banks would meantime, we will assume, be charged with the duty of so manipulating commercial bank reserves that the commodity price level would remain nearly constant.

Relief is automatic

"SO LONG as the bulk of our workers remained unorganized so that wage rates could not be forced beyond the competitive level, relief from overexuberant booms and their aftermaths of depression would automatically follow regulations of price levels.

The power to change the gold content of the dollar would make it easy always to maintain enough surplus of reserves to give the Federal Reserve Banks complete power over expansion and contraction of credit.

"The change in the size of the dollar would operate in two directions. In the first place the number of dollars of reserve automatically varies in inverse ratio to the change in size of the dollar. If the dollar is cut to nine-tenths its previous weight, the number of dollars in the gold reserve becomes ten-ninths the previous number.

"In the second place, the same cut in the size of the dollar which increases the effective volume of existing reserves so alters the foreign trade situation as to reduce an outward flow of gold ore, if the change is great enough, to cause an inward flow, because the domestic price level will not be changed by a cut in the weight of the dollar, but the foreign price of American goods will be lowered and the American price of foreign goods will be raised.

Reserve bank does tricks

"AS A happy by-product of this policy of changing the weight of the dollar we would leave the managers of the Federal Reserve System free to concentrate on fitting credit to the needs of our business. They have hitherto felt compelled to pursue a compromise policy dictated partly by the needs of our business and partly by gold movements in international trade. Lately these gentlemen have frequently reminded one of a circus rider trying to ride a pair of horses which refuse to stay together."

"But," said the P. R. "isn't this plan of changing the weight of the dollar the same that Irving Fisher has been advocating?"

"No," said the Governor, "though he gave me the idea. He would attempt to

keep the price level constant by frequent small changes in the weight of the dollar. I would merely use commodity prices as a guide to tell us when to loosen and when to tighten credit.

"In that respect, the plan would operate exactly as now, except that the credit would always be fitted to the state of domestic business and so could operate as near perfectly as the knowledge and skill of the Federal Reserve managers permitted. As it is now, they feel compelled at times, in view of the gold flow, to take action which from the standpoint of the domestic situation would seem wrong.

"We would not change the weight of the dollar except on those occasions, (probably rare after an adjustment had once been worked out) when our reserves were getting low. Except that it would be broadcast as a matter of news, nobody except those having to do with foreign exchange would ever know that changes in the weight of the dollar were being made."

"I have another question," said the P. R. "What did you mean when you said the stabilization of prices could be accomplished if the workers were not generally organized?"

How union affects price

"I MEANT," said the Governor, "that if workers were strongly organized and kept forcing wages above the competition level, unemployment could be prevented only by releasing credit in sufficient amounts to keep the price level rising.

"As between chronic unemployment and continually rising price level, rising price would be preferable, but neither prospect would be alluring. Fortunately, such a labor situation is only a contingent possibility not a probability in this country."

"I find I have still another question," said the P. R. "Several things you have said don't seem to square up very well with the idea I hear so often of late that the way to insure good business is to pay high wages.

"That idea does considerably more credit to the heart than to the head of its sponsor," returned the Governor. "It is a case of mistaking effect for cause. For a dozen years we have been the most prosperous nation in the world and meanwhile we have paid the highest wages found anywhere, so the foolish conclusion has been drawn that high wages made prosperity.

"The truth is that it is high output per worker which has made high wages possible, but it is only the existence of a good differential between selling price and labor cost of goods which has induced the business activity that keeps our workers employed and our wages rising.

"Have you any more questions?"

"No," said the P. R.



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Signer is doing to relieve executives forever of signing checks by hand. Try the versatile new Century Protectograph on your own forms. By all means have the remarkable self-canceling Greenbac Check demonstrated. Learn about Standard Forgery Bonds, at substantial discounts to users of Todd products. See the first paper ever devised expressly for check use, the new Super-Safety Paper, exclusively a Todd product and a paper every banker should know about.

Whether or not you are interested in buying Todd products, as a modern business man you should know the most modern means of safeguarding funds. A phone call to the Todd office in your city or a letter directly to us will put expert advice and assistance at your service, without a bit of obligation, of course. The Todd Company. (Established 1899.) 1130 University Avenue, Rochester, N. Y. *Sole makers of the Protectograph, the new Super-Safety Checks and Todd Greenbac Checks.*

TODD SYSTEM OF CHECK PROTECTION

When writing to THE TODD COMPANY please mention Nation's Business

A College With a Business Code

By ARTHUR E. MORGAN

President, Antioch College, Yellow Springs, Ohio

A COLLEGE teaching a business code presents somewhat of a phenomenon. The word is used advisedly, for in its original Greek sense a phenomenon was a fact or event in the changing and perceptible forms as distinguished from the permanent essence of things. Both the teaching of a code and the fact of a business code appear as phenomena in the light of this definition.

At Antioch College in Yellow Springs, Ohio, we look upon business as one of the great professions. As our students go out into industry, we desire that they shall carry with them standards that will be both a protection and a stimulus. We have therefore developed the following simple statement of principle:

"Sound business is service which benefits all the parties concerned. To take profit without contributing to essential welfare; to take excessive profit; to cater to ignorance, credulity, or human frailty; to debase taste or standards for profit; to use methods not inspired by good will and fair dealing; this is dishonor. Whenever I make or sell a product or render a business service, it must be my best possible contribution to human well-being."

Let us ask ourselves whether this code adequately expresses American business standards today. We believe that it does.

Growth of confidence

THE history of business is the history of the slow growth of men's confidence in each other. At first, there was no confidence. Slowly, painfully, trust and faith have grown up until today the business of the world is transacted not by the exchange of goods or money, but by checks—by little pieces of paper on which men write their names.

The inertia of the old European standard of *caveat emptor*—let the buyer beware—could not be overcome in a day or in a generation, yet it would be hard to find many cases in history where the moral standards of a great people have risen so appreciably within a short time as they have in American business. Compare the haggling and dickering of our fathers with the one-price dealing of today.

The trade association movement of the past 20 years is based on a new understanding of the spirit of service, of

ethical standards and of the human element. Business men have learned that any transaction which does not benefit both parties benefits neither.

A questionnaire recently sent to business men by a prominent magazine asked what had been the greatest accomplishment in the field of business since 1920. A majority of the replies indicated that achievement in this line could not be measured in inches or pounds or dollars, and yet was a known factor. The replies variously pointed to a higher morale among business men; "honesty is the best policy"; the buyer has equal rights with the seller; responsibility to the customer.

Business is in training

MANY illustrations to the altered attitude of business in its public relationships might be cited. An equally important transformation has taken place in the point of view of business within its own organization.

Industrial management is making a conscious and deliberate effort to imbue every worker in the organization with the desire to contribute his best. Definite training programs are carried on in factories through specialized departments. Training programs are not based on sentimental theory, but on good business practice. The guarantee of quality by the manufacturer must be based on good workmanship and good material. Management finds that it can afford to increase the reward to labor when pride in good workmanship and interest in the product can be awakened in its employees, for upon them rests the security of the management.

A wholly new field, that of industrial relations, has been opened in recent years. It deals with problems of individual adjustment and the equity and rights of human beings in respect to their conditions of work. Young men and women are training themselves for service in this field and the value of their work is winning increasing recognition.

Not many years ago the work of scientific research fell in large measure to the college professor. Today the desire to make the "best possible contribution or product" has led many business firms to spend vast sums annually on pure scientific research.

The scientific spirit motivating business enterprise today is making a valu-

able contribution in awakening pride in worthy accomplishment and a vital desire for more knowledge and greater accuracy. We see the astounding development of scientific discovery in our time as one of the most encouraging symptoms of human progress.

It was Ruskin, the wine merchant, who asked that business be considered a science instead of a money-making scramble. We now find a number of schools and colleges where a business training may be obtained. Yet as Dean Hotchkiss says:

"Business education must be considered, not as a thing in itself, but as a part of the whole scheme of higher education. Schools must have a professional aim and furnish a basic mental discipline, and a broad outlook regarding the principles of business."

From this standpoint business education is becoming comparable to legal, medical, or engineering education, as these have come to be conceived.

Antioch College believes that one of its tasks is to link college with business life to the end that the adjustments, which most boys and girls must make in a painful and blundering manner after they go from school to business, may be made in an orderly manner under skillful guidance as a part of the organized work of education.

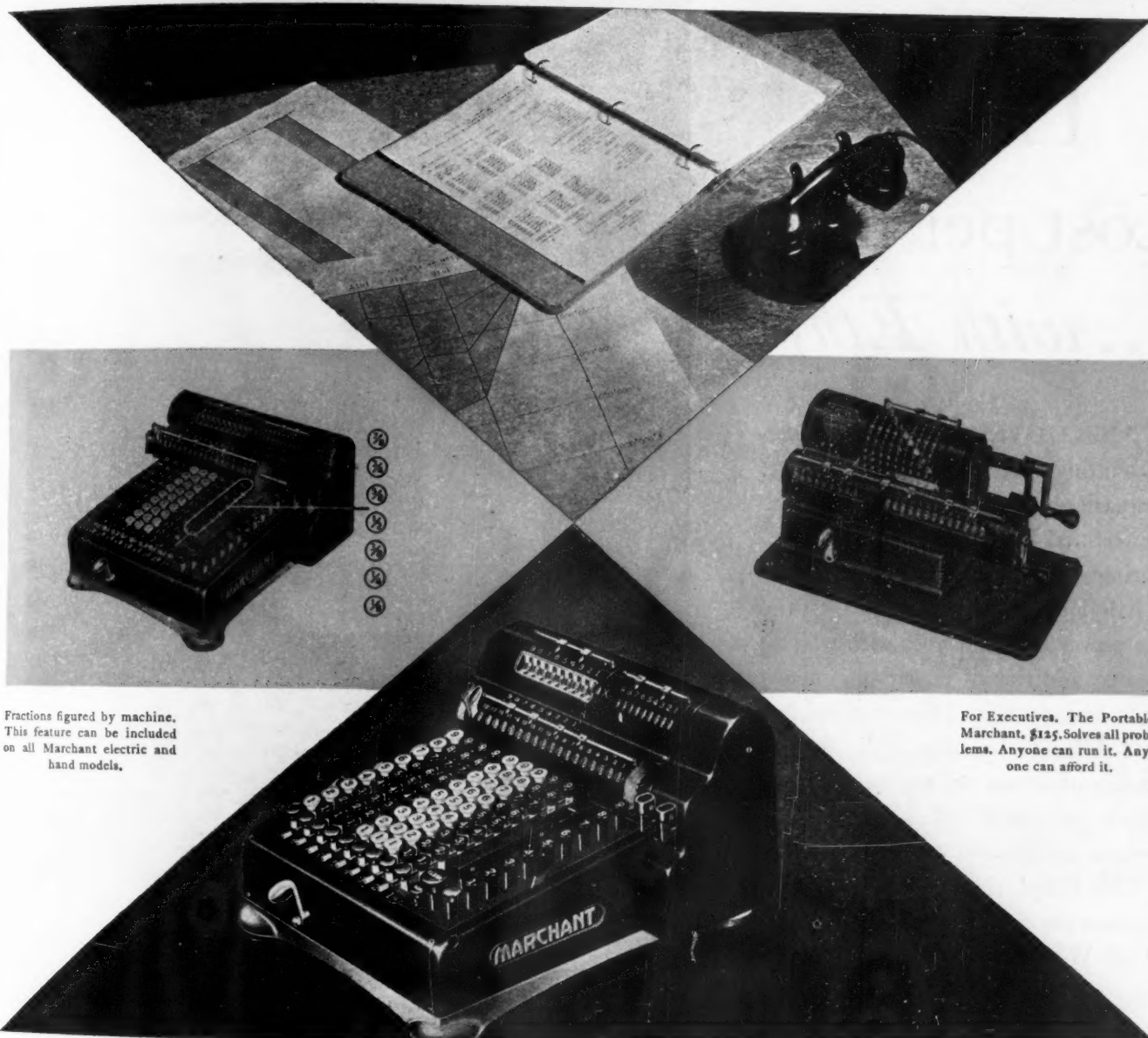
Acclimated to work

TO BRING students into contact with business life, Antioch College, when it was reorganized in 1921, adopted the plan of Dean Schneider of the University of Cincinnati. Two students hold down one job throughout the year, alternating in five-week periods. The students gain experience in business as part of their college course and thus have a basis of judgment and understanding of the character, aspirations, and burdens of men in business life.

The cooperative jobs are with responsible, high-grade employers, who in their own organizations have demonstrated the truth that sound business is service.

The Antioch Business Code, we believe is a faithful expression of the new spirit of business. The rapidly changing attitude of business in its responsibility to the public will before long justify expression of that attitude in legislation that will compel the minority to conform to the practices of the majority.

Industrial Leaders agree ~ BUSINESS NEEDS MORE FIGURES!



Fractions figured by machine. This feature can be included on all Marchant electric and hand models.

For Executives. The Portable Marchant. \$125. Solves all problems. Anyone can run it. Anyone can afford it.

Full-automatic Marchant—with automatic division, automatic multiplication, automatic repeat addition, direct subtraction.

U. S. Department of Commerce is flooded with questions... a distribution census is requested... companies are pooling their findings in trade associations. ...

Among the subjects of vital importance would you include... distribution of costs... determination of potential markets... sales forecasts... production control...?

Are they problems in *your* business? ... The only way you can solve them logically ... is with the aid of figures!

There's only one way to get these figures ... That's by machine! "Scratch-pad" figures won't do any more ... Time is too precious. Margins too thin.

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See a Marchant figure! It does more than add, multiply, subtract and divide. Because of its unique, time-saving features... it is supremely adaptable to short-cutting.

It will bring you 25% to 40% greater figuring production. It will quickly clear the decks of routine figuring ... Then you have time to get the other figures that you need, and want, so much.

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special help required to operate Marchants. Anyone can run any model. No special training needed.

Try a Marchant on your own work. See what it can do... on costs, payrolls, interest, partial payment plans, actuarial problems, way-bills... *all* your figuring jobs. There's no cost to you in trying a Marchant. No obligation.

Merely telephone our nearest office... there's one in every principal city of the United States and Canada. Representatives in all foreign countries. Or... check the third or fourth square in the coupon. Additional facts will be furnished gladly. Mail the coupon for free booklet, "Eliminating Mental Work".

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Ethyl eliminates the "knock" and the power loss that goes with it. This means additional power for heavy pulls and on hills. It means reduced gear shifting—less running in second. Easing of strain on engine parts. It means prolonged efficiency for any piece of equipment.

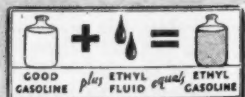
With Ethyl, time ordinarily lost by frequent lay-up for carbon removal is saved. Wear and tear on bearings is reduced. Pick-up and getaway in traffic are speeded up with Ethyl. This means better control in all traffic emergencies. It means time saved on every run. Ethyl, in short, keeps your equipment *in action*—more miles per day, more days on the road.

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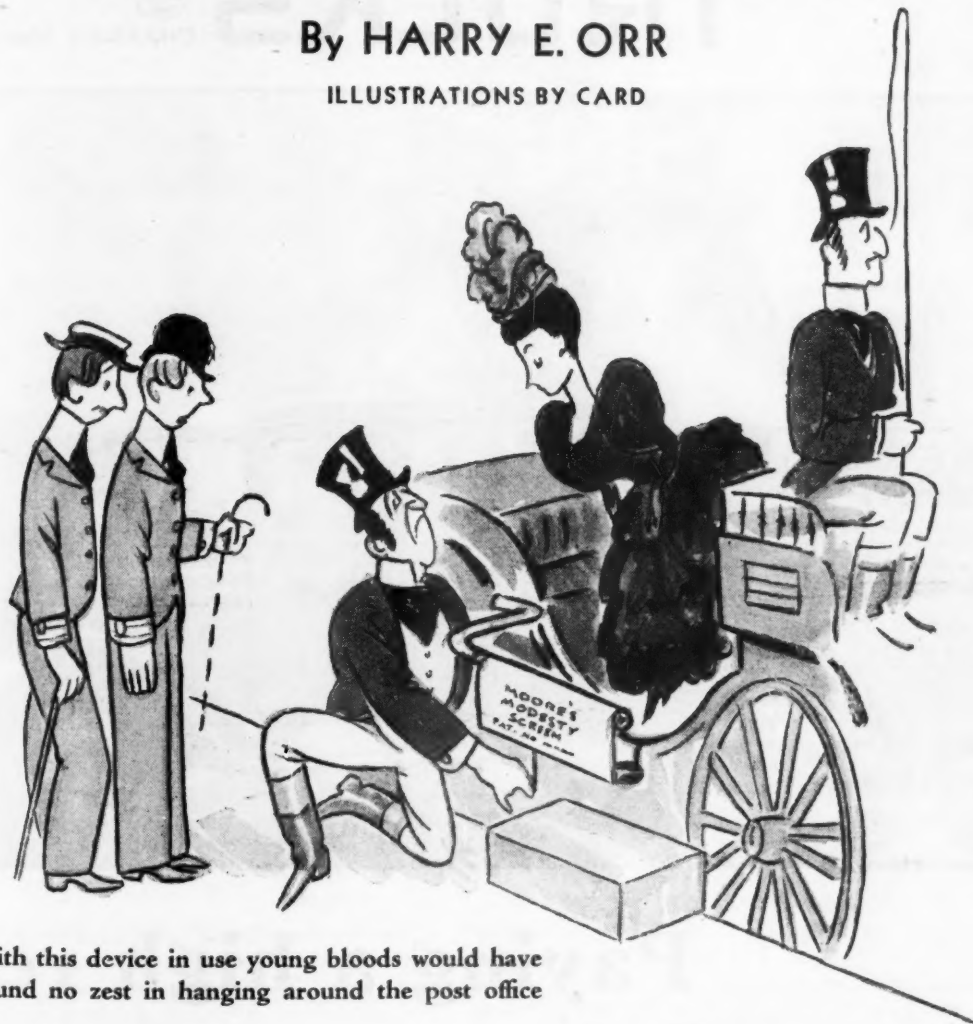
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The Lesser Triumphs of Science

American inventive genius often takes strange bypaths

By HARRY E. ORR

ILLUSTRATIONS BY CARD



With this device in use young bloods would have found no zest in hanging around the post office

HAVE you a little invention in your mind? If not, you are apparently in the minority, for a reading of the weekly *Official Gazette* of the United States Patent Office seems to indicate that nearly everyone has patented at least one device.

If a device is "new or novel" and not immoral, the Patent Office has no recourse but to issue a patent.

Some of these patents are so unusual that persons whose duties compel them to read the *Official Gazette* cannot resist the urge to collect them.

My collection, for instance, includes Patent No. 386,403, issued July 17, 1888, for an "Apparatus for Preventing Collision of Railway Trains."

This apparatus consists chiefly of a small pilot car designed to run in front of the train and connected to the locomotive by a series of telescoping tubes "extended by means of compressed air."

An electrical circuit between the pilot car and the locomotive operates the air

brakes. When the pilot car hits an obstruction, the electrical circuit applies the air brakes on the train, the locomotive and everything stops, and there you are. No lives lost, no serious damage to anything except the pilot car.

Would be useful now

OLDER readers will remember the time when the exposure of the feminine leg—then discreetly called a "limb"—was considered immodest. In patent No. 346,857, dated August 3, 1886, for a "Carriage Screen," the inventor, William Moore, has endeavored to foster the spirit of modesty by providing a pair of curtains which can be lowered like a window shade when a lady is about to climb into or descend from a carriage, or, to use the language of the patent, "for screening from the view of bystanders the limbs of persons entering the carriage or descending therefrom."

There would be no satisfaction for the young bloods of the village hanging

around the post office, for instance, when the beautiful flapper of the 'eighties drove up to get the mail. The use of Mr. Moore's patented screen would take all the zest out of the thing.

On March 23, 1915, Patent No. 1,132,789 was issued for a bug-trap for beds. You know—bedbugs! The scheme is simple. The inventor provides a framework mounted on the bed between the springs and the side rails, this framework containing a series of folds of "fibrous material."

The insect has a penchant for seeking tiny crevices. So, scouting around seeking whom he may devour, the bug spies these folds of "fibrous material." Curiosity gets the better of the little creature and he crawls between the folds. At an appropriate time, when a sufficient number of his companions have joined him, the fibrous material is removed and the bugs are shaken out and burned or drowned.

This device is not limited to bedbugs, for the inventor says it can be used to

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are dependable always....powerful, fast, economical, comfortable, safe.

Go over the complete line with your Dodge Brothers dealer He can deliver to you the chassis you need with the body you need—and arrange to let it help pay for itself.

Only great volume production makes possible trucks so good at prices so low More than a million dollars' worth sold every week.

Formerly Graham Brothers Trucks

The complete line of Trucks, Buses and Motor Coaches manufactured by Graham Brothers (subsidiary of Dodge Brothers) now take the name of Dodge Brothers.

These Trucks, Buses and Motor Coaches, powered by Dodge Brothers engines and manufactured according to Dodge Brothers standards, are sold, as they always have been sold, by Dodge Brothers Dealers everywhere.

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MERCHANTS EXPRESS—109' w. b.	\$ 545
COMMERCIAL TRUCK—120' w. b.	. 775
1-TON—130" wheelbase 995
1-TON—140" wheelbase 1065
1½-TON—150" wheelbase 1345
1½-TON—165" wheelbase 1415
2-TON—150" wheelbase 1515
2-TON—165" wheelbase 1585
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catch "other small vermin or insects with which the bed may be infested."

Here is another trap, this time to catch rabbits and such, patented May 29, 1886 (No. 383,700). Again very simple. It is a wire-netting cage with a number of doorways in it, swinging glass doors in the doorways and mirrors inside the cage and opposite the doors. Bre'r Rabbit happens along, sees his image in the mirror, and not recognizing himself, pushes open the door, and enters the cage. The door drops behind him, and presto, he's caught!

In lighter vein we have the pattern for a combined "Lifting and Spanking Machine" (No. 920,837), May 4, 1909. The object of the invention is to "provide a trick device used ostensibly as a weight-lifting machine, but which when set in motion operates to release a spring-actuated electro-generator and a spring-actuated paddle, the current of electricity being directed into the person actuating the machine while the paddle at the same time strikes him."

May I not add that the illustration accompanying the patent shows the paddle striking the operator in a vital and old-fashioned spot? To make the whole thing more realistic, the paddle carries a detonating device or torpedo which goes off upon striking, to the further surprise, chagrin and pain of the innocent operator.

Here also is a patent on a "Concealed Bathtub," located beneath and in combination with a combined kitchen sink and cabinet such as would be suitable for small apartments and reminding us of the days when we took our Saturday night baths in a washtub in the kitchen. This was patented October 24, 1916 (No. 1,202,436).

A simple yet effective device is the one patented September 13, 1910 (No. 970,074)—an "Egg Marking Device." It consists of some bent wire hooks, a rubber band and a dating stamp, applied to the person of the domestic hen. As the egg is laid it is stamped indelibly with the date. When your wife buys a dozen eggs, if the poultry man's hens are equipped with this egg marker, she knows just what she is getting.

A meal ticket for hens

PATENT No. 1,368,500, granted February 15, 1921, is along somewhat similar lines. Its purpose is to detect the laying hen, or perhaps it would be more fair to say, the slacker hen. This appliance gives the hen a dab of some marking compound on her back just as the egg is laid. The hen no doubt displays the

mark to the *maitre de coop* when she applies for her evening meal with the words, "Look, master, I too have not been idle."

The poultry industry seems especially favored by inventors. Patent No. 1,243,271, among other things, checks up

to wait for the next burglar "or the like." Of course if the burglar sees him before the watchman can grab him, then it is a case of catch-as-catch-can, with the odds in favor of the watchman within his armored tank with its gun-openings and peep-holes.

Patent No. 849,470, granted April 9, 1907, protects the inventor of a band wagon which has several revolving platforms one above the other in pyramidal form, the alternate platforms revolving in opposite directions.

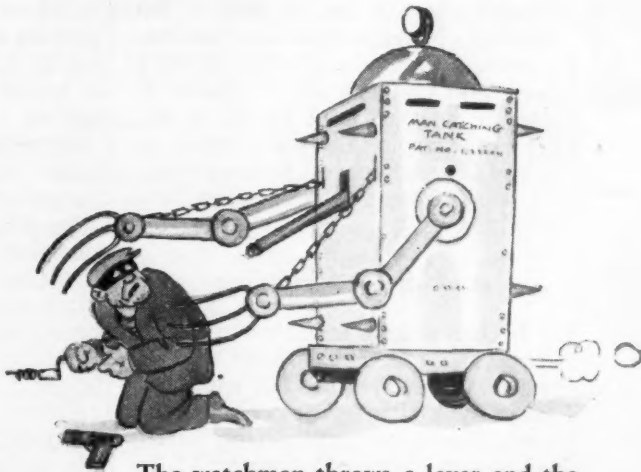
The musicians sit on these platforms and play. As the wagon progresses up Main Street the platforms revolve, thereby, "effecting a blending of the sound issuing from the musical instruments operated by the musicians," as the patent says.

No doubt the music will be very well blended, but I wonder about the musicians.

A simple and effective fire escape is covered by patent No. 221,855. It consists of a "parachute attached in suitable manner to the upper part of the body, in combination with overshoes having elastic bottom pads of suitable thickness to take up the concussion with the ground."

The illustration shows a parachute attached quite rigidly to the head of a fire-endangered gentleman who doesn't seem to be enjoying his experience very much. The "overshoes," looking like nothing so much as a pair of old-fashioned flat-irons, are on his feet. You know the man is in the act of jumping, because his swallow-tail coat tails are flapping wildly in the breeze of his descent.

This patent has long ago expired, so there is no reason why airplanes and Zeppelins should not be equipped with these life-saving devices.



The watchman throws a lever and the burglar is embraced in steely arms

the work of the hens, thus showing up the drones. Every time the hen lays an egg this invention rings it up on a sort of cash register which the hen carries about on her back. Thus no hen can slip by without doing her daily task. The little register will give her exact egg laying record. This inventor, by the way, offered to sell me his patent for \$10,000. I did not buy it.

Then there is a "Man-catching Tank" patented September 27, 1921 (No. 1,392,095). It is designed especially, the inventor says, for use in banks for catching and holding burglars "or the like"—whatever the like are.

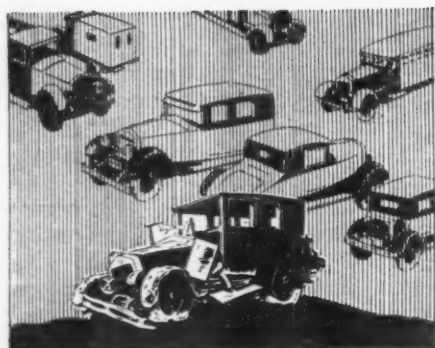
It consists of a "motor-driven armored tank or watch box and is equipped with peep holes, gun openings and other conveniences." On its outside is a pair of grapples resembling the horse-drawn hayrake of the farm turned up on end. The watchman climbs into the tank with a couple of guns and his midnight lunch and waits patiently for the arrival of the burglar. If none comes, all well and good. If one does come, the fun begins.

The patient watchman waits until the burglar gets to work, say in the vault, and then he starts the motor and slips quietly along the tessellated floor of the bank until he gets well up to the burglar. At this point he throws a lever which causes the hay rake-like thing to wrap around the burglar, effectively embracing him in its cold and steely arms, after which all the watchman has to do is press a button which rings a bell calling aid to take the intruder in charge.

Then the watchman sets himself



This bathtub, so the inventor says, is adapted to apartment use



Private cars— business fleets—

both need more protection in summer traffic

Over 24,000,000 motor vehicles registered in 1928! A popular cry for *speed*. An increasing demand to "ride on rubber". Manufacturers and dealers urging "keep your old car—be a two-car family".

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This very increase in numbers is an indication of the greater *value* of motor cars and trucks. Not only value measured in dollars and cents, but value measured in convenience, utility, necessity to business operation.

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If you have any question on automobile insurance, let us send a representative to give you the answer.

Agricultural
Insurance Company
of Watertown, N.Y.

When writing please mention Nation's Business

I'm for the «Lame-Duck» Session

(Continued from page 28)

gress full power to fix the date of its meeting. At any time it may pass a law to the effect that Congresses shall meet March 4 after the election, without the necessity of changing the Constitution.

Some of those who propose an early meeting of Congress are not satisfied, however, to wait until March 4, but insist on changing the Constitution to require Congress to meet January 4 and the new President to be installed January 24.

And all for forty days

IT IS 60 days from January 4 to March 4 but it is certain that the new Congress would pass no legislation while the "lame-duck" President occupied the White House, so that nothing would probably be done until January 24. It is only 40 days from January 24 to March 4.

The proposal in its last analysis is that we should amend the Constitution to force Congress to begin its work 40 days earlier than it could otherwise meet as the Constitution now stands, and have the vote for President and Vice President officially counted by the new instead of the old Congress. The only real reason I have heard advanced for meeting 40 days earlier than March 4 is that it might avoid remaining in session during the hottest part of the Summer.

Those who really believe that the new Congress should assemble a few days or weeks earlier than it can now meet, but who are frightened by 40 days in a Washington Summer, should first turn their attention to the easy remedy already at hand, which is to pass a simple statute requiring Congress to meet March 4 after a general election. This plan is better than changing the Constitution because, in case it should not work, the statute could be repealed, whereas the constitutional amendment, having been ratified by 36 states, would stand just as other amendments to the Constitution stand.

Contests cause delay

MY OWN opinion is that the new Congress should not be called together earlier than March 4 following the election. It is true that the lapse of four months between the election and the time when Congress may convene, though originally necessary, is not so now because of the improved facilities for news gathering and transportation.

Unfortunately, however, election boards and commissions, courts and other judicial or semi-judicial bodies, do not move much more rapidly today than

they did when the Constitution was adopted. News of the election of most members of Congress is usually received within a few hours after the polls close, but where there is a close contest, and there are many of these throughout the country, the result is not known often for weeks and even months after the election.

Often the House has been so evenly divided that three votes would have changed its organization from one party to the other. It is conceivable that seats remaining vacant might even make it impossible to organize the House.

It is at present one of the most important duties of the old Congress at its last session every four years to canvass the electoral vote for President and Vice President. It is proposed to change this by constitutional amendment and require the newly elected Congress to meet 20 days prior to the time fixed for the inauguration of the President, organize and canvass the electoral vote. I regard this proposition as the most dangerous element in the problem.

Organization is not easy

UPON the convening of the new Congress it is necessary to organize the House, adopt rules and appoint committees before the work of Congress can begin. Many times in the past difficulty has been encountered in organizing the House and at times great bitterness has developed. If more than two parties should be numerously represented in the House it is easily conceivable that, to organize at all, it might be necessary to enter into deals, secret or otherwise, among representatives of blocs or factions.

If, in addition, the election of a President depended on the action of Congress, as might be the case at any time, it might prove a serious matter if Congress were not fully organized and ready to transact business. In the Hayes-Tilden election of 1876 the old Congress was, of course, organized and ready for any action and action became necessary. The votes of Louisiana, South Carolina and Florida were in dispute. Congress appointed an electoral commission of five Senators, five Representatives, and five Justices of the United States Supreme Court who, by a vote of eight to seven, decided the votes of these states in favor of Hayes.

Whatever the opinion of after generations may be as to the decision of the electoral commission established by the legislation of Congress at that time, all will agree that some decision was imperative and that even a wrong decision, so far as the two individuals directly affected were concerned, was far better



America's Longest Electrified Railroad

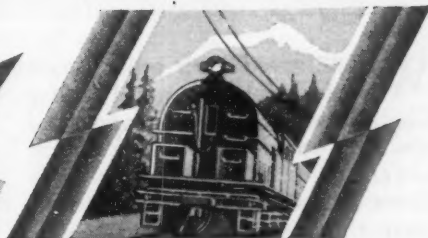
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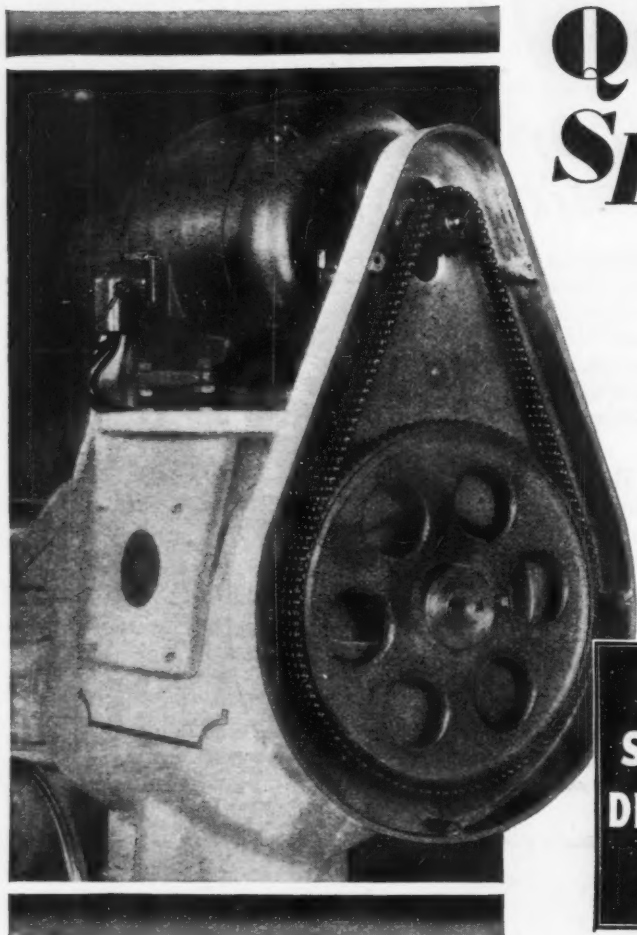
The Olympian: Chicago-Yellowstone-Spokane-Seattle-Tacoma . . . *The Pioneer Limited:* Chicago-St. Paul-Minneapolis . . . *The Columbian:* Chicago-Twin Cities-Yellowstone-Spokane-Seattle-Tacoma . . . *The Southwest Limited:* Chicago-Milwaukee-Excelsior Springs-Kansas City . . . *The Arrow:* Chicago-Milwaukee-Des Moines-Omaha-Sioux City.



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Diamond Chain is made in single or multiple strands... for speeds up to 3600 R. P. M. It has no right or wrong side... runs over and under sprockets in either direction. And because it is widely known for dependability it will be a sales asset... as well as a solution for your drive problems.

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than no decision which might have been the case if Congress had not been organized at the time.

Under the proposed amendment Congress is allowed only 20 days to organize and canvass the electoral vote. Frequently, when no presidential choice depended upon it, the House has required several times 20 days to complete its organization. It is far too important a matter to be by necessity thus hastily dealt with.

States prove the point

IT MAY be said that newly elected state legislatures usually meet and canvass the vote for state officers, but the experience of my own state proves that even there danger has been encountered. In 1890 the lower house of the Connecticut Legislature was Republican, while the Senate was Democratic.

Under the Constitution of that state it was necessary for the two houses to organize and jointly canvass the vote for state officers. The contest for governor in that year was very close, the final result depending on a few ballots that had been thrown out. Forecasting what the result of a joint session would be, one house declined to meet the other so that the vote for governor could not be canvassed or any other business transacted.

There was a complete deadlock. One of the candidates for governor had himself sworn in and secretly took possession of the governor's rooms in the Capitol.

The "hold-over" governor, who had not been a candidate for reelection, battered open the door with a crowbar and retook possession the next morning. The deadlock in the legislature continued and there was no legislation and no appropriation of money for two years.

There was considerable excitement at the time, but better counsels finally prevailed. Fortunately the "hold-over" governor, from private funds, was able to finance the state for two years so that no great harm came of the deadlock. But there was serious danger at the time, and who would wish the Federal Government to undergo the strain that such a deadlock or failure to organize Congress might produce?

Could not trust new plan

I HOPE that it may never come to pass that the stability and good order of our Government may be placed in jeopardy by having to depend upon the organization of a new Congress before a new President can be inducted into office.

I see little ground for the argument that the country is in danger from legislation enacted at the "lame-duck" session because a few members of Congress have not been reelected.

It cannot be disputed that much of the wisest and best legislation of our

history has been enacted at the short session of Congress and there is no evidence whatever that the members who have not been reelected ever exerted or attempted to exert any baleful influence over Congress.

On the contrary, members of Congress are far more inclined to vote contrary to their own best judgment when facing a primary or general election than after the election when they are free to vote as they think best.

The fact is that, in effect, both branches of Congress are continuing bodies because enough members in both continue from Congress to Congress to control the action of both bodies. The comparatively few members not reelected as a rule prove even more useful than before.

My final reason is that the proposed change in the time for the first meeting of the new Congress would completely disarrange our budget system. The budget system, which it is generally agreed has accomplished its purpose most effectively, has been worked out in harmony with our present arrangement of fiscal years and meetings of Congress. The preparation of a budget and the making of appropriations under it make up a complete annual cycle.

Novices in office, too

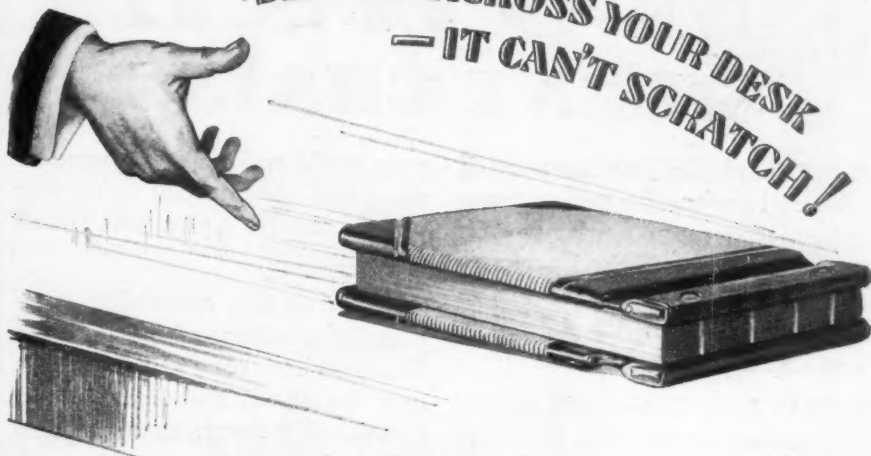
IF THE proposed constitutional amendment should be adopted it would be necessary for the new President and new Cabinet officers before they were settled in office to take the responsibility for budget estimates and advise Congress on matters concerning which they had acquired no direct knowledge.

I cannot but regard the entire proposition to make the proposed change by constitutional amendment as unnecessary and dangerous. As the Constitution now stands there is a desirable flexibility in fixing the time for the Congress to convene. Congress itself now has the power to fix the date of its meeting at any time after four months following the election. The President now has the power to call Congress together at any time after four months following the election.

Who will claim that either Congress or the President has ever misused this power or that there is any real danger of its being misused? The proposed constitutional amendment would take away this power, which has never been abused, along with the discretion now reposed in both Congress and the executive, and would compel Congress to meet within 60 days after the election regardless of conditions or consequences. I believe that this power and discretion were wisely given by the founders of the Constitution to both the President and the Congress and that giving them up would be an unfortunate mistake which those responsible would never cease to regret.

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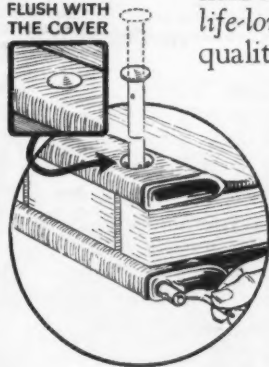
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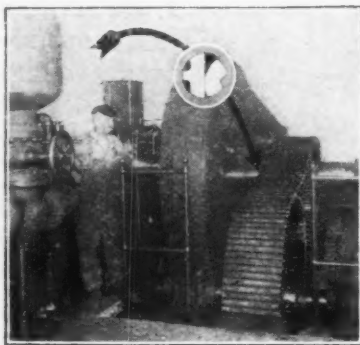
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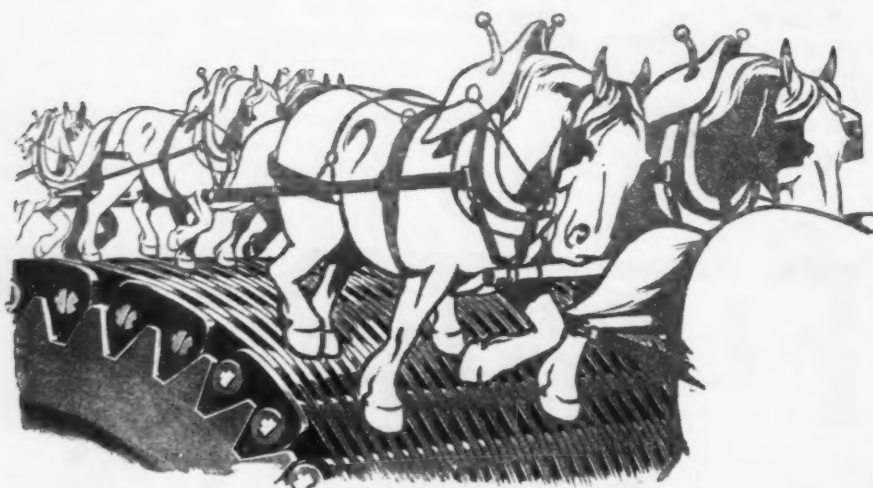
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Simplifying Buying for the Merchant

(Continued from page 43)

time and money for the merchant, great gains in convenience, assurance that he sees all lines he should see whenever he goes to market.

Furthermore, by bringing together large numbers of buyers, it should mean increased opportunities for selling by the wholesalers and manufacturers in that location.

But when I say that the Merchandise Mart marks a revolution in distribution I mean more than this. For years, merchants, manufacturers and wholesalers have been tolerably complacent regarding the traveling salesman, and all his works and ways.

It was known, of course, that there were enormous wastes in that method of selling. But the spread between producer and consumer was great. Competition was on a loose enough basis to permit a certain amount of laxness.

A new traveling salesman

BUT times are changing. Distribution is tightening up. I believe we are now definitely approaching the twilight of the traveling salesman, as we knew him of old. Not that he will ever totally disappear. He will still have his uses. But he will be heard of less, and his function will change.

If he is sacrificed, however, it will be on the double altar of efficiency and economy. The time devoted to meeting salesmen was often stolen from selling time—in some cases it was an alarming proportion of the whole. We find that no merchandise buyer can be a very good buyer unless he spends a large part of his time on the selling floor. Besides, the larger merchandising opportunities today lie not only in buying goods skillfully, but in selling them with vigor and understanding. The merchant is a better man for coming to market.

Manufacturers and wholesalers, on the other hand, found traveling salesmen a costly selling method.

It is a general truth, I believe, that when the buyer is trained to come to the merchandise, distribution is almost always more economical, theoretically, than when the merchandise has to go to the buyer.

We are entering a new era in which it will be as natural for the merchant to do his buying at market, as it now is for the consumer to visit a department store or a specialty store. He will be a better merchant in consequence; he will save, for selling, a considerable share of the time and energy hitherto devoted to buying; and he will obtain better prices for customers through the cutting down of manufacturers' selling costs.



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Your Luck's What You Make It

By JAMES A. WALKER

President, Blue Valley Creamery Company

IN the little town of Cheney, Kans., where I used to keep store, we had a justice of the peace who lisped. He was something of a philosopher, and one of his remarks always stuck in my mind.

"We," he said, referring to the human race, "are juth creatures of thircumthanth. Ev-rything ith luck."

If Marshall Field, he said, had happened to make his start in Cheney instead of Chicago, he would have got to be as big as Cheney, but no bigger.

Many a time I have reflected that the old fellow, up to a certain point at least, argued better than he knew. My own conviction, not achieved in haste, is that we assuredly are creatures of circumstances. Three score years and a bit more I have lived, all but the first 12 engaged actively in business, and with good helpers and associates I have managed to build what is, I suppose, the largest concern of its kind in the world. But this I never could have done had it not been for the fact that *at every critical turn luck was waiting.*

We decide as boys to put aside a few dollars to make a certain purchase; an unexpected event takes place, and the money saved forms the first step to fortune. A comparative stranger drops a certain remark; as a result, an entire industry enters a new phase.

Preparing for the unexpected

I AM not speaking at random. These very things happened in my life. I could neither foresee nor control them. There follows then, I think, from them a fundamental thought in business, which might be expressed thus—*the wise manager trains to expect, and take advantage of, the unexpected.*

I received my first vivid lesson in the relation between luck and thrift in the early 'eighties when I was just 17. My



BLANK & STOLLER, N. Y.

"COUNT on luck; it is bound to appear. Learn to recognize it for what it is, and use it. Not everything is bad luck that appears so at first"

older brother, Frank, was a printer with an itching foot. Our family lived in Wichita. I was clerking in a grocery store, but Frank drifted away and found work in various towns in-the-making in western Kansas, Colorado, and New Mexico. After a couple of years Frank came home on a visit. Late one Saturday evening, he and I were sitting in the kitchen; he was yarning about his work and experience.

"It's a curious thing, Jim," he remarked; "everywhere I went I was able to get jobs. Big wages, too. Fifteen and twenty dollars a week. But Jim, I haven't got a dollar in my pocket this minute!"

"Where did it all go?" I asked.

"Why, I hardly know. It just slipped away."

"That's funny."

Frank looked at me curiously.

"You've been making good wages, too," he said. "How much have you got?"

"Why," I admitted, "I haven't got a dollar either—and I won't have until pay-day."

We were both earning good money; and both were broke. It was funny.

"Still," Frank said, sobering, "I suppose if we're ever going to get anywhere we've got to make a start."

We had been talking before that about buying a cattle farm and of course we knew we could not do it without cash. So that same evening he and I agreed to save money until we got enough to buy the farm.

Inside a year I had \$200. Frank had about the same.

With that, we bought our farms. School lands were cheap all over that part of the country then. Four or five dollars would buy an acre, and twenty-odd miles southwest of Wichita, Frank and I selected two quarter-sections. Only small down payments were required, the balance being spread over 16 years. For \$400 we obtained 320 acres.

Our idea was to buy lean cattle from trail herds, fatten them, and sell them at a profit. We never got started, for luck prevented. Almost before the ink was dry on our land contracts, the Santa Fe Railroad announced construction of a new line along a right-of-way within gunshot of our property.

As often happened in the West, the news precipitated a land boom and the town of Cheney was promptly laid out with one corner touching a corner of our half-section. Buyers besieged us, and we sold the land for \$4,200.

Pure luck! We neither planned for any such outcome, nor anticipated it. But it seems to be one of the laws of life that something fortunate usually follows a good start.

Directly on the heels of this windfall

came a ten-year-long experience which exhibited luck to me—in an entirely different light.

Looking back now I can trace the circumstances that began shaping things for this new experience to the Fourth of July, in, I believe, 1872, when I was about six years old. We were living in Newcastle, Ind., and had a fine large home, for my father was an able lawyer, and was headed toward substantial prosperity. While we were all away at a holiday celebration, our house burned. It was the first of a chain of events that made my life wholly different, and possibly more useful.

Most of our possessions went up in the fire. My father, however, immediately rebuilt on a bigger and grander scale than before, going heavily in debt to do so. The new house was hardly more than occupied, however, when the money panic of 1873 swept my father off his feet.

He lost his equity in the house, and with it some of his spirit, I suppose. Shortly afterward we moved to Wichita where he hoped, in a new country, to rehabilitate himself. I have heard him say that after the railroad tickets were bought, he had only \$300.

Getting a new viewpoint

FOR me this move brought an entirely new outlook on life. Until that time our lives had more or less been sheltered, with help at home so there was no need for us boys to turn our hands to a thing except what we liked. Had fortune continued favoring my father, I think I would have grown up lazy expecting to be waited on. Life swings on such little hinges!

In Wichita, however, we had a struggle. It was a young man's country, and my father did not fit in as easily as he had expected. Schooling went by the board for me, and when I was 12 I got a grocery store job with hours from seven in the morning until nine at night. I liked it, made good at it, and later when the boom town of Cheney lifted its head and luck put money into my pocket I started a store of my own.

I induced Frank to go in with me. We put up a substantial building, and for a while everything went smoothly. There was all kinds of money in the country. Stock and crop prices were high. Farmers paid cash. The first year our net profits were \$4,095. It looked as if we had struck the fountainhead of all good fortune. My brother, however, who never quite forgot his hankering for the clatter of printing presses, presently sold his share in the store to me and went elsewhere. Before I was 21 I was the sole owner of the biggest store in Cheney.

After a while conditions changed. Once more things happened that were unexpected and beyond my control. I could not help it that the bottom dropped out of farm prices; that corn, which had been selling for 40 and 50 cents, fell as low as

9 cents a bushel, and wheat as low as 28; that ready money practically disappeared, and people learned to live largely by barter; that farmers who had previously paid cash began bringing butter and eggs to exchange for flour and other necessities. And, if they had neither butter nor eggs, bought what they needed and asked to have it charged.

Now, I never enjoyed saying "No!" when a man asked for a little more credit. So the time came when I had more than \$15,000 on the books in unpaid and temporary uncollectible accounts, and was about as hard up for ready cash as the average farmer.

My troubles served me well. But for them, I might have remained a small country storekeeper all my life. I was not ambitious in the sense of looking forward to becoming the head of a far-reaching enterprise. It was always a pleasure to me to meet people, and I greatly enjoyed selling. If I had been a little better collector, or if times had been not quite so hard, I might be behind a counter in Cheney at this moment.

As it was, I quit, cleared out my stock for cash at bargain prices, collected as much as I could on the overdue accounts, paid my debts, and, only about as well off after ten years as when I started, organized the enterprise which was the parent of our present company. Luck dealt the cards.

Offhand this looks like ten years taken out of life and thrown to the winds; that is the way I was inclined to feel about it at the time. I know now, however, that those ten years were extraordinarily productive for me. But for the knowledge of human nature, and particularly of farmer nature, which I stored up then, I never would have known half enough to do successfully what had to be done later. Furthermore, but for a particular event which happened in Cheney, probably I never would have engaged in my present business at all. I can name almost the decisive moment.

The question of salary

THE farmers wanted some outlet for their products that would put cash in their pockets, and accordingly organized a creamery company. Mostly, it was farmers who took up the capital stock, but I also bought a couple of shares and because I lived in town and was always handy, they made me president. We hunted around for a good manager, and among others, a certain chap of Danish birth was recommended to us. He came to a meeting of the board of directors to talk things over, and we were not long reaching the nubbin of the discussion, which was how much salary he expected.

"I want \$75 a month," he said.

You could have heard a pin drop.

"That's a lot of money for Cheney," I ventured.

"Well, Mr. Walker," he replied, "I expect to earn it." On that remark, I

think, hinged my future. The other directors hesitated. You can hardly comprehend what \$75 a month, every month, looked like to most of us in those days. But in a flash it came to me that the Dane had presented an unbeatable argument.

"That," I said quickly, "is enough for me."

The others fell in line. The Dane was hired, and he more than made good. Indeed, within a comparatively short time he built up a business in butter with towns as far away as Raton and Las Vegas, N. Mex. The creamery paid 40 per cent cash dividends over three years and money had never seemed so welcome in that neighborhood.

Where luck takes a hand

THE significance of the incident for me was this. It would have been so easy for us to decide that \$75 a month was too much. If we had turned down the Dane in favor of any other manager, the creamery might have fizzled, as many such ventures did. As it was, I learned that money could be made in that business; and, what was more to the point, that we could ship a car load of butter in the morning, discount the bill of lading at the bank before noon, and go to lunch with about 80 per cent of the value of the butter to our credit in the bank. That looked to me like a good system for a poor collector, and was one of my reasons for becoming a butter-maker.

Such incidents, I am certain, make up many of the turning-points, crises, and emergencies of business. Often these vital events have apparently the least significance. Cultivating the ability to see their significance is the controllable factor in luck and management. How we play the cards dealt is the measure of our skill as managers.

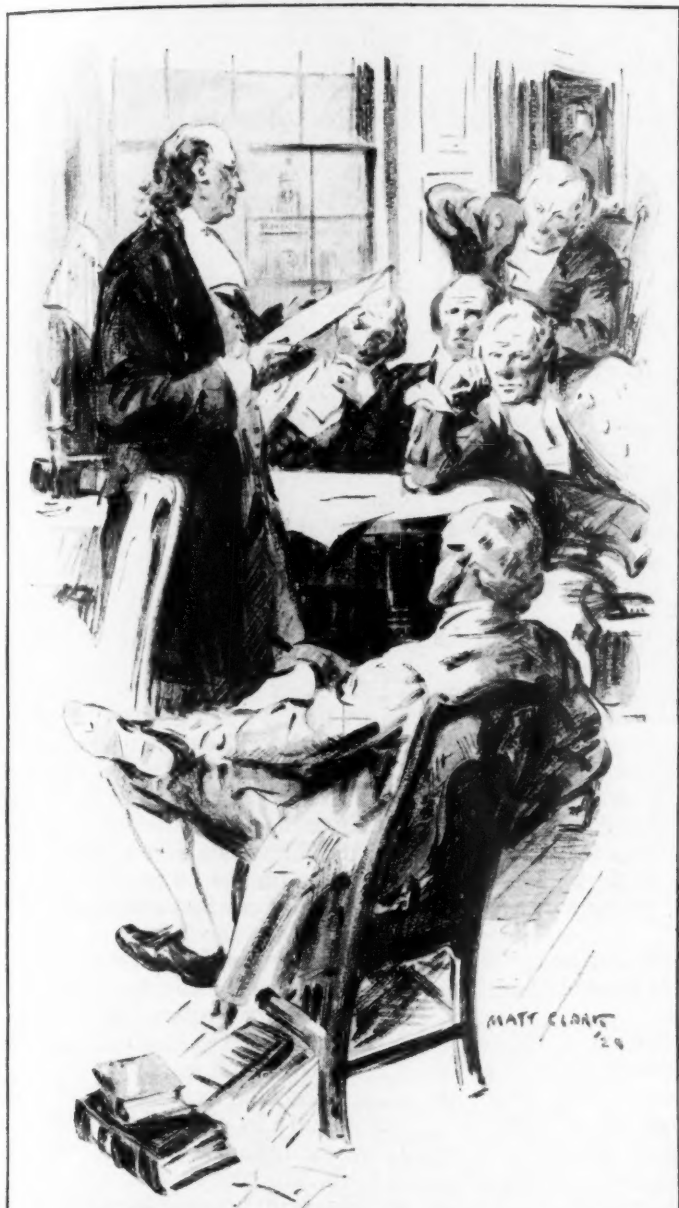
After my wind-up in Cheney, I established a creamery of my own in Marysville, Kans., taking my younger brother in with me; we have been together ever since. It is necessary to explain a few details of the creamery industry to make clear the significance of what followed. At the start, we conducted our business about as others did. That is, we expected farmers to bring us the whole milk the day it came from the cows. In spite of mud, rain, shine, sleet, or snow, it had to be brought every day or it would spoil. Yet the farmers really got only small change out of it.

As a result we prospered as long as the farmers were hard up—but that was only for three or four years. Then farm prices took an upward turn, farmers would not bother to bring their milk to town, and soon we had orders for far more butter than we could fill from the Marysville creamery.

Failure came close. We were not the only ones. Every creamery had a hard struggle, and some of the biggest ones went down. Naturally, I did not want

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to quit. I liked the business. I kept saying to myself, "The industry is necessary. There must be some way to produce butter, profitable to the farmers and ourselves."

With this in mind, and a failing business at my back, I puzzled, studied, and thought, and got nowhere until luck stepped in the front door. Perhaps it was because I was hunting so hard that I recognized it as opportunity.

Near St. Joseph, Mo., in those days (I had taken up sales headquarters in St. Joseph) lived a couple of German farmers named Deshon, who brought sweet cream to town and sold it to hotels and restaurants—only the cream, not the whole milk. Sometimes I bought any they had left over, and noticing that it was sweeter and fresher than any cream I had ever seen brought in, I asked them about it.

A new way to get cream

"WHY," they told me, "we've got a hand separator."

I had never heard of such a thing; farmers in my day let the milk stand until the cream rose to the top, then skimmed it.

"That's a new one on me," I said. "I'd like to see it."

"Come out to the farm. We'll be glad to show it to you."

The next Sunday, I went. I saw them pour fresh milk into a simple contraption, turn a crank—and cream came pouring out of one spout, skim milk out the other. They told me they had bought the machine from some company in the East, and nobody else they knew had one. It seemed to do the work as effectively as the big power separators in the creameries.

"If this is as good as it looks," I said to myself, "it ought to revolutionize the industry."

I became secretive about my discovery. Nobody else seemed to know about hand separators, or to connect them with opportunities in our industry. My first step was to arrange to buy a number of them from the manufacturer. After this, I called on farmers living 30 and 40 miles from St. Joseph. For an ordinary creamery, such distances would have been out of the question, but I was now thinking in terms, not of whole milk, but of cream.

Testing out the big idea

FARMERS were extremely skeptical. Hardly any would buy a separator; and the majority were scarcely openminded enough on the matter to try the scheme I proposed, even if I loaned them the separators. But I did manage to dispose of as many separators as I wanted, and got each farmer to agree to ship his cream to me. In St. Joseph I rented a vacant building and worked behind locked doors, even painting the front windows blue, for fear somebody might spy. Per-

haps the secrecy was excessive and unnecessary, but I believed I had a big idea and I wanted to test it thoroughly before anybody got it away from me.

My tests proved that good butter could be made from the cream. It presented a way for the farmers to make real money without excessive drudgery and it seemed to offer a way out of our difficulties. On what we learned then, our present business was founded, as well as the methods now common throughout the industry. Indeed, it is beyond computing how many lives might have been different but for my lucky conversation with the Deshons.

Luck was with us, too, when we came to form our new company. In Wichita, I had known L. C. Hamilton. He had taken over a cold storage plant in St. Joseph, and solicited business from the Marysville creamery. We stored some butter with him. Now that the new method has been proved to my satisfaction, Mr. Hamilton was the first man to be let in on the secret. He was enthusiastic.

Our first step was to ask the hardware dealers of St. Joseph to lay in stocks of hand separators. They laughed.

"We'd not sell one separator a year," they said.

Brass bands and separators

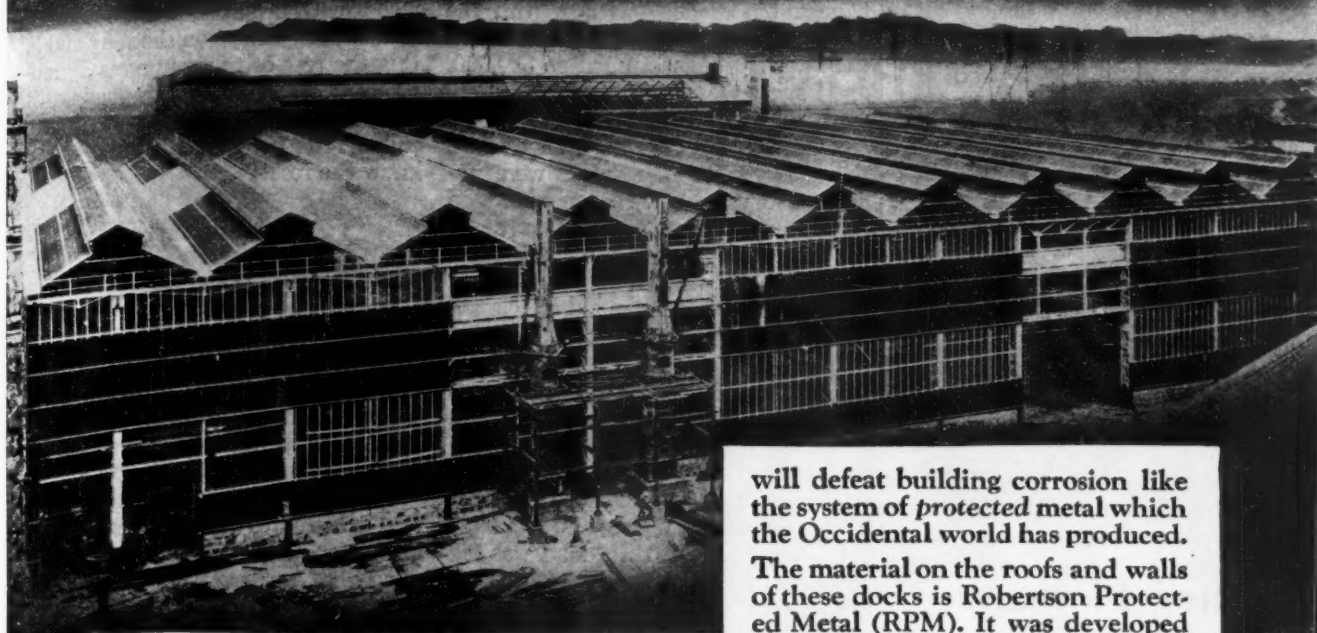
THAT meant we had to sell them ourselves, and it was a good deal like pulling teeth. I decided on brass-band methods, and hired a man named Marple to hold meetings and address farmers on the advantages of the new plan of dairying, the immediate object being to get separators on the farms. I shall never forget one of our first meetings, held at Bethany, Mo.

Town and country had been placarded in advance with announcements of the "monster dairy meeting," and the court house auditorium was rented for Marple's speech. We led off with a parade up the main street, the local band making the music, and a lot of small boys the noise. It was Saturday. A mob of people was in town. The crowds came with us right up to the court house steps—and stopped there. Just six farmers ventured inside.

However, our main idea was too big to be stopped. The meeting was followed with personal sales and promotion work carried direct to the farms. We held another meeting in Bethany the following year, and entertained a thousand enthusiastic farmers. In the meantime we had developed so much enthusiasm and confidence in the new plan, that in that district alone we were paying farmers \$5,000 a month for cream. Within five years we were able to leave the selling of separators to dealers and concentrate on our real job, butter-making.

Misfortune, however, continued to educate us as we went along. I have in mind the time when the railroads in Chicago announced new and ruinous rates on

SEETHING



Here is the heart of the seething Orient... the bustling, throbbing, awakening Orient, alive with vast projects that most of the Western World knows nothing of.

That Orient is alive, too, to modern methods and modern materials. It came half way round the world to get the material for the roofs and sidewalls of these vast Whampoa Docks at Hong Kong.

Why come so far? Because the Orient has already learned the cost of rust and corrosion in building materials... because this Orient, new and young and glimpsing the immense development that lies ahead of it, is eager for some material that will relieve it of the financial drag that corroding buildings would put upon it... and because the Orient has found nothing that

will defeat building corrosion like the system of *protected metal* which the Occidental world has produced.

The material on the roofs and walls of these docks is Robertson Protected Metal (RPM). It was developed here in the United States... yet, go

into almost any important port in the world, and you will find yourself standing beneath it on the dock sheds; you will find your materials stored under it in the nearby warehouses; you will find many of the principal industries performing their work beneath it.

It must be good.

A building covered with Robertson Protected Metal will not rust, will need no paint, no repairs and no replacements; and will cost nothing for maintenance.

If you are planning a building... anywhere... let the Robertson engineers prepare plans and cost estimates for the use of this corrosion-free material. No cost; no obligation. Just write us.

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This is only one of many examples of Georgia Marble's durability—durability irrespective of climate. This essential quality has earned the praise of prominent architects and sculptors in all sections of the country. And durability spells permanence and economy.

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hauling cream from farm to city. We had not become a very big company then, but we joined with other creameries and paid a famous lawyer \$50,000 to fight the railroads, and spent \$40,000 more before we won our case.

Opening the railroad's eyes

IT TOOK nearly all the money we had, and at the time we thought we were at death's door. As it turned out, however, the contest inaugurated a new and far happier era in our relations with the railroads. I think they had not known the industry had as much as \$90,000, and I know they considered the hauling of cream a nuisance.

But the fight opened their eyes to the fact that the creameries were important shippers. They began putting on new trains and serving us as we never had been served before.

Luck is that way. It has the habit of appearing under strange guises.

My friends say I would not be living today were it not for a stroke of luck, and I am inclined to think they are right. Until about five years ago I had no earthly use for golf. I was tied up in business to the point where it was my major and almost exclusive interest. I used to work days, nights, and Sundays.

I did not know it then, for I was big and healthy, but there is such a thing as overwork. One day I had a stroke of sickness that might have finished me. I eased up for a while, but rather think I might have gone back to the old stren-

uous ways—had it not been for luck.

My younger brother had become a golfer. One day he asked me to walk with him while he played around. I watched him for a hole or two, and was rather amused at his misses.

"It looks to me," I said, "as if you're making harder work of that than you need to."

"Try it!" said he, "maybe you'll change your mind."

"I'll do that," I said.

He had no left-handed clubs, so I took a shot with a putter, and for a wonder, hit the ball! I kept on shooting and hitting the rest of the way around, and—beginner's luck!—actually made a better score than my brother with all his clubs. That tickled me, and—well, you know the rest!

Accident saved life

MY FRIENDS say golf saved my life. They may be right. If so, it was due to the lucky accident of hitting squarely the first golf ball I ever swung at!

Luck, as I see it, has too deep a meaning to be ignored or denied. It is one of the determining imponderables that should be given its due, and no more.

Count on luck, expect it, be ready for it; it is bound to appear. Learn to recognize it for what it is, and use it. Bear in mind that not everything is bad luck that seems so; misfortune educates, if you let it. Finally, and this is the nubbin of my thought, it is what a man does with his luck that makes it good or bad.

What the Auto Industry Thinks of Flying

(Continued from page 24)

plane manufacturer may learn from the men who built up the automobile industry.

The great successes in the automobile business have been won by those who adhered to a single idea.

The aim of Ford was to provide the lowest cost individual transportation. The aim of Henry M. Leland was to provide the most reliable and longest lasting vehicle.

Youngsters like the danger

THE airplane manufacturer must satisfy the skeptical person that he is building a safe vehicle. The older generation will not warm quickly to the possibilities of the plane.

Many of the older people will prefer to stay on the ground, but the younger generation will actually fly here, there and everywhere just as they are doing

it in their minds today. The thrills of possible danger will actually heighten their desire.

The mother of the coming day will be less concerned about her daughter flying from Cleveland to New York for dinner than her mother was disturbed when she first stayed out until after ten dancing the "Dream of Heaven" at the town hall.

What kind of ships can the manufacturer produce to insure success in the new industry?

A ship which will meet the most rigid government safety specifications, command the respect of engineers for its practical design, invite the enthusiasm of pilots by its performance and maneuverability, and, when it lands on the field, inspire the admiration of all by its symmetry, beauty of line and appointments. Back such a ship with a real service organization and success will not be far off.

"Light and air are twin requisites to human efficiency in offices and plants . . . proper and adequate lighting is of the utmost importance in maintaining the highest quality standards."

J. W. Dorrance
 President
 Campbell Soup Company



"... of the utmost importance"

THE leaders of American industry have been the first to recognize the absolutely fundamental importance of good factory lighting. They know, as Mr. Dorrance says, that "Light and air are twin requisites to human efficiency."

A belting manufacturer writes that "the greatest benefit we have derived from good illumination has been the *elimination of practically all imperfect work*, where before we had about 15 per cent of second grade material."

This is typical of the way good lighting decreases spoilage and improves quality. It is obvious that workers' eyes and hands must cooperate swiftly and accurately. The eye cannot do its share of this teamwork when it is handicapped by bad light.

Look critically at the lighting next time you walk through your plant. Is your shop *gloomy and cheerless*, or is it a *pleasant place to work*?

Are there bare lamps which *waste light* and *glare* in workers' eyes? Are there dangling *drop cords* or battered *old style reflectors*? Are the lighting units *too far apart*, causing alternate light and dark areas? Will your hand, held over a piece of white paper, throw a *sharp dark shadow*?

These are some of the obvious signs of bad lighting. Other signs show in your production costs, spoilage and accident records, and labor turnover. Only a competent survey of your lighting system will tell all.

We maintain trained industrial lighting engineers in all parts of the country. One of them will make a thorough survey of your lighting equipment and make detailed recommendations, without charge. Write us for his services, and for a free copy of the book—"Plain Facts about Factory Lighting."

NATIONAL LAMP WORKS of GENERAL ELECTRIC CO.

NELA PARK



CLEVELAND

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The fastest transcontinental train-time in Northwest history brings the West five hours nearer the East.

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Looking On in Washington

(Continued from page 40)

bosoms of Mr. Hudspeth and Mr. Garner.

That indignation was not allayed when Henry W. Watson, of Pennsylvania, a Republican member of the Ways and Means Committee, undertaking to defend the new duty on brick, undertook also to kid Mr. Garner and his goats.

"My distinguished friend from Texas," said Mr. Watson, "was very much dissatisfied yesterday with the duty on brick. If he and I visited New York, he would point to a building and say:

"That building is made of Belgian brick, and so is that building, and that building. That is my idea of American protection."

"But should he and I then visit Texas and motor through the 23 counties which he so ably represents and over the mountains and into the valleys where his Angora goats are grazing, he would say:

"See! Each hair on the back of each of those goats carries an import duty of 34 cents a pound of clean content. Ah, Mr. Watson, that is my idea of American protection."

All of which is bad enough, but there is more. Virtually no goats are imported into the United States. Their hair comes, but not they. The Republican members of the Ways and Means Committee accordingly raised the tariff on goats from two dollars to three dollars a head.

Mr. Garner will not vote for this bill—and there is much reason to suspect that the Republican members of the Ways and Means Committee thought he wouldn't anyhow.

VIRTUALLY all the Republican members of the Committee had a sinking and drowning feeling when they discovered that seven years after the passage of the Republican Fordney-McCumber Tariff Law they were conducting hearings in their committee room while seated in chairs made in Czecho-Slovakia. This discovery produced a promiscuous suspicion and curiosity. Presently it was discovered that the chairs in the restaurant of the House of Representatives were likewise products of Czecho-Slovakian energy and aggression. Czecho-Slovakia became, and continued to be, the new rising menace to the United States.

THERE IS in Massachusetts a town named Lynn. There is in Czecho-Slovakia a town named Zlin.

There was in Zlin a Czecho-Slovakian named Bata. His father was a shoemaker. Bata became a shoemaker. He

made shoes with his hands. He was an innocent and harmless Czecho-Slovakian.

In Zlin, however, he heard of Lynn. He migrated to Lynn. He entered there into a shoe factory. In the shoe factory he observed machines. He worked at the machines.

In Lynn, however, he bethought him of returning to Zlin. He returned. He there resumed making shoes. This time, though, he made them with machines.

Mr. Bata, in Zlin, now makes 65,000 pairs of shoes daily. He has 12,000 employees. He houses 4,000 of them in houses of his own. He possesses forests, sawmills, furniture factories, cattle pastures and hide tanneries as well as shoe plants. He pays skilled adult male workers \$13.50 a week. He pays unskilled young female workers, \$4.50 a week. He advertises his shoes in every village in Czecho-Slovakia. Because of him a multitude of Czecho-Slovakian peasants now wear shoes.

Thus blessing Czecho-Slovakia, Mr. Bata pined also to bless America. He observed that shoes enter the United States free. He remembered the types of women's shoes made in Lynn. He contrived cheaper forms of those types. He began sending them to the United States, at first a few, then more, now lavishly. This year he will send into the United States several million pairs.

Graduate of Lynn, he has become the terror of Lynn. On any class day reunion, he could easily be elected Lynn's most unpopular alumnus.

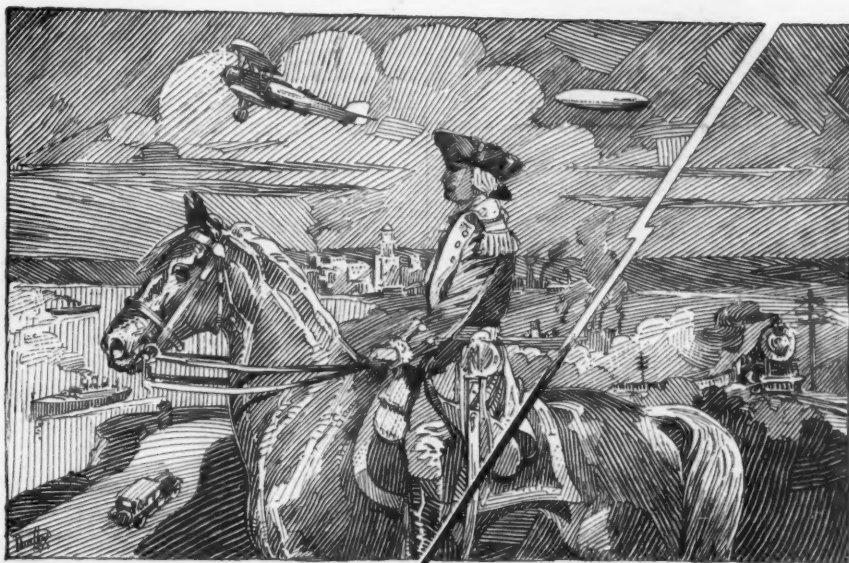
From Lynn comes Representative William P. Connery, Jr. He is of the party of Jefferson, Jackson, Cleveland, Wilson. When he thinks of Mr. Bata, he talks like a member of the party of McKinley, Dingley, Payne, Aldrich, Fordney, McCumber.

"I want to tell you gentlemen," he says, "that if you do not put a tariff on boots and shoes, you are going to wipe out of existence the main industry of Lynn. During March of this year 450,000 pairs of shoes were imported into the United States from Czecho-Slovakia free. I could sit here and keep quiet and let the Republican Party lose Massachusetts and New England without any trouble but I cannot be silent when the workers of my district must go hungry. I appeal to you to give us simple justice by placing a tariff on shoes."

SOME PEOPLE from Florida came up to Washington to testify before the Ways and Means Committee. They wanted a duty on rosin.

They subsequently learned that some other people wanted a duty on China wood oil. They were shocked. They wrote to a good friend in Congress and said:

"China wood oil and rosin make an ideal combination for varnish. Anything which tends to make China wood oil



What Would Washington Say?

AN ALMOST commonplace speculation, yes! In the 153 years of American Independence, celebrated this month, such a question has occurred countless times. But, in fact, just what *would* Washington say?

Suppose he should behold our disks that sing, our radio that whirls the human voice around the earth, our aircraft that have conquered the skies and our talking moving pictures—to say nothing of our automobiles, rushing railway trains, vast industrial plants, towering buildings, giant steamships, our telegraph, telephone and electric lights, and electric refrigeration?

Here is the answer—He would say, "MARVELOUS"—and in two days he would cease to marvel. It would then be an "old story" to him, just as it is to all of us, now wondering what science will next bring forth.

ALSO AN "OLD STORY"



Like the more spectacular discoveries of science the Sylphon Bellows is also an "old story." For twenty years its contribution to industrial progress and human comfort while not so dramatic, has been none the less, *basic and essential*. It is the World's most durable, flexible and sensitive expansion member and is employed as the motor element of hundreds of thousands of thermostats in the most highly recognized radiator traps, refrigerating machines, automobiles, industrial and building temperature regulators.

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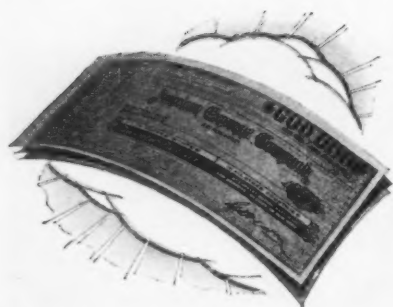


We invite those interested to write for fully descriptive bulletins and to submit (without obligation) problems involving Sylphon Temperature or Pressure Regulation. Address Department N

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higher in cost will therefore interfere with the consumption of rosin. We therefore ask that you oppose the proposed tariff on China wood oil but advocate the duty on rosin."

That was normal.

ON THE other hand—Franklin W. Fort, of the New Jersey Sixth District, rose in the House of Representatives and said, "I rise to urge certain tariff duties affecting commodities no one of which is produced in my district but all of which are there consumed."

That is not normal.

THE TARIFF debate has been good on tariff but better on farm relief. Harry C. Canfield of Indiana brought it to its peak. He was defending the right of the farmer to adequate relief. He used an illustration which should be taken as the classic definition of that adequacy.

He said:

"The farmer's children feel that they are entitled to an automobile. No longer are they satisfied with the old Ford."

What other country in the world could produce such a slogan for the down-trodden and oppressed?

THE PASSION for human liberty and for the political rights of man in general and at large and throughout the world is rising from height to height in the House. This is because of the proposed duty on copra.

Copra is the kernel of the cocoanut. It contains oil. Five hundred million pounds of it were brought into this country in 1928. Here it competes with the vegetable and animal oils produced by our farmers. It comes—the great bulk of it—from the Philippines.

Coming from the Philippines, it comes free.

The proposed duty—proposed by spokesmen for our farmers—would be two cents a pound. It would be paid on all imports of copra from foreign countries. It would be paid on imports from the Philippines, if the Filipinos had the rights bestowed on them by Nature, by Nature's God, and by Thomas Jefferson in the Declaration of Independence.

More and more congressmen are devoted to the rights of man and revolted by imperialism. Joseph J. Mansfield of Texas has declared for the independence of the Philippines. He did it while addressing the Ways and Means Committee on behalf of the proposed duty on copra.

Charles B. Timberlake of Colorado has declared for their freedom. He did it while advocating more tariff on sugar.

James O'Connor of Louisiana said:

"Look at the map of the United States and you will see a belt from the

Rio Grande to the Atlantic south of thirty-one degrees north latitude in all of which sugar cane may be grown.

"Some one has mentioned the Philippines. The flag of our country, sir, the flag of a free people, the emblem of a great Republic that should be associated with the freedom of which we boast, waves over a subjugated people who are clamoring for their political independence and who will not be appeased by the material blessings we have been so liberally bestowing on them.

"In the next presidential campaign the desirability of releasing the Filipinos should be one of the chief issues."

If the Filipinos want to make it unanimous now in the House of Representatives and to arrive in one grand final burst for "a separate and equal station among the powers of the earth," all they need to do is to start manufacturing cotton textiles.

REPRESENTATIVE Timberlake of Colorado has pointed out the really true conclusion of the whole tariff matter. After listening to a great deal of rhetorical plaintiveness one day on behalf of "the consumer," Mr. Timberlake stood up and wondered how many people there were in the United States who produce nothing and who spent their whole time consuming. He opined that they were few. He had noticed that almost everybody in the United States seemed to be producing something and seemed to be wanting a tariff duty on it.

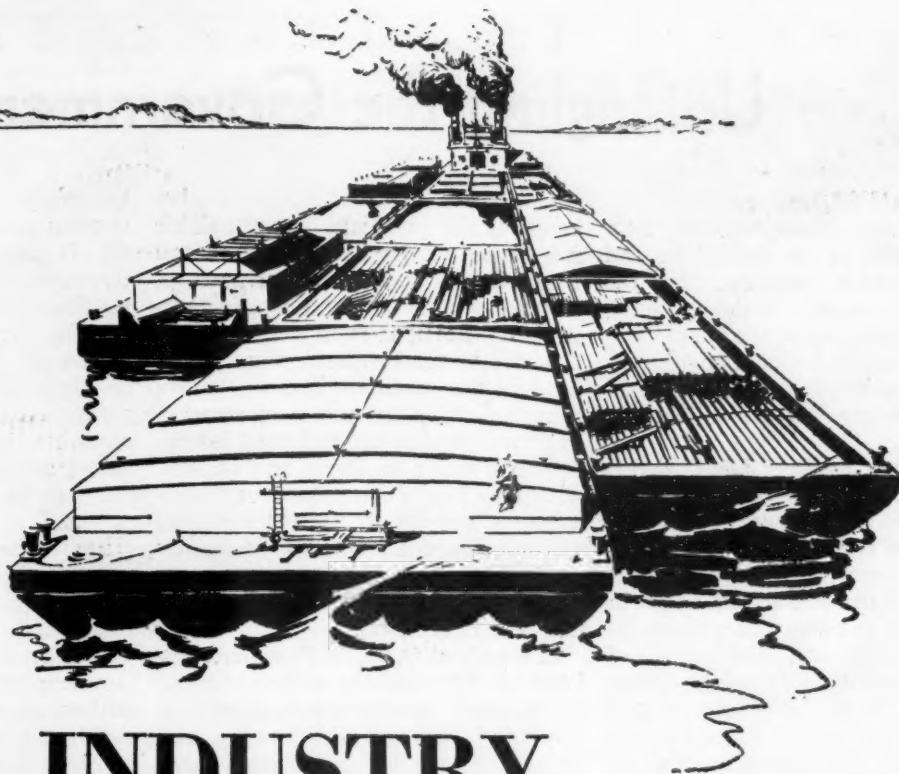
In fact, he had noticed, though he did not say so, that many people seemed to feel that their products were benefited by the tariff duties on the products of other people. Joe J. Manlove of Missouri, for instance, had been sympathetic to the tariff on sugar because, as he said, "whenever you have a prosperous sugar industry in the South and in the beet fields of the West, we have good prices for our horses and mules."

Mr. Manlove had also looked with favor upon the tariff on brick because, as he said, "Those men who are producing brick in the New York districts are eating our strawberries."

Mr. Timberlake accordingly was skeptical about consumers as consumers. Where, he inquired, is "the unadulterated consumer"?

That, indeed, is the final query. That is the final impediment to "tariff reform," meaning, as the phrase used to mean, "tariff reduction." We need more "unadulterated consumers." We need more people who hold themselves aloof from gaining a livelihood and who give themselves only to the art of living. We need fewer people who sell and more people who do nothing but buy. We need a population living on its investments and shopping.

On that day we believe it may be confidently predicted, the tariff will come down.—W. H.



To INDUSTRY

a new era in economical transportation

SOME time in August a message will be flashed from Dam 53 in the Ohio River announcing the completion of the greatest inland-waterways system in the world. . . . The dream of revitalized, water-borne traffic on the Ohio and Mississippi will come true. . . . An ambition requiring half a century and \$120,000,000 will be fulfilled.

Another Advantage to Louisville Industry

With nine-foot, navigable river stage from the Alleghenies to the Gulf, this project further strengthens the position of Louisville as the manufacturing and distribution city in the center of American markets.

Supplementing Louisville's eight trunk-line railroads, this modernized water system assures even greater savings in shipping heavy, bulk materials to point of manufacture and in the distribution of finished products.

Combination Barge and Rail Rates

A recent order of the Interstate Commerce Commission providing for combination barge and rail rates now brings added markets and sources of supply within easy, economical reach of Louisville manufacturers.

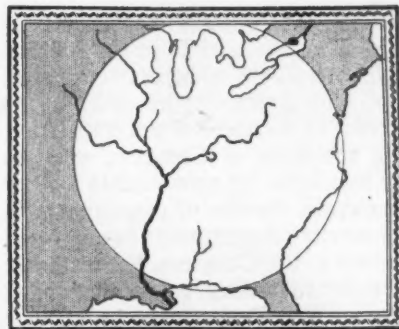
Rich Markets—Economical Transportation

Combining the advantages of centralized position with the low-cost-production facilities south of the Ohio, Louisville is surrounded by a market as large as can be efficiently and profitably served by the great majority of manufacturers. . . . More than 50,000,000 people, virtually half the population east of the Rockies, live, work and spend their money within a 500-mile radius.

Are You Feeling the Pinch of the Buyer's Market?

Investigate Louisville's proven-by-experience advantages for plant, branch plant or warehouse. Send for your copy of the book, "LOUISVILLE—Center of American Markets", containing vital facts about production and distribution costs. A special report, dealing with your specific problems, furnished in confidence.

Louisville Industrial Foundation
Incorporated
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Within a 500-mile radius of Louisville—largest inland city south of the Ohio—are found: 46% of the nation's railroad mileage; 50% of all manufactured products; 99% of the country's standing hardwood timber; 92% of all coal mined; 70% of all clay products; 70% of the automobile industry; 47% of the leading agricultural crops. Available to Louisville manufacturers are: *Raw Materials* of a wide variety in nearby districts; *Contented Labor* (97.3% native-born); *Low-Priced Power* from the new hydro plant at the falls of the Ohio; *Acreage Plant Sites* exempt from city taxes for five years.

TO MANUFACTURERS

engaged in, or contemplating engaging in, the following industries, we shall gladly send specific data which will prove exceptionally interesting: Wood Products, Food Products, Chemical Products, Tobacco Products, Glass and Clay Products, Metal Products, Wearing Apparel, Textile Products.

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Untangling the Government

(Continued from page 37)

to a temporary agency, removed from the full impact of the petitioning and counter-petitioning inhabitants of the corridors of Congress, the duty of going over the steep hump of the hill of reorganization and of letting Congress see how the reorganized Government would look when neatly laid out on the plateau beyond.

This purpose, however, had behind it at that time no large administrative pressure. The White House, after President Harding's disastrous and demoralizing experience with rebellious bureaus and a divided and distracted Cabinet in the matter of reorganization, was content, as one might say, to be in favor of reorganization without favoring any way of doing it. The bill by Mr. Smoot and Mr. Mapes was added simply to the long array of idle shrines erected by pilgrims on the reorganizational highway to mark their guess as to what would be at the end of the highway if the end could ever be reached.

Congress meets obstacles

MOREOVER, through the experience of the Congressional Joint Committee, of which Mr. Brown had been chairman, it had been thoroughly learned that the members of a congressional committee, being members of Congress, were as fully assailable by constituents and by bureaucratic friends of constituents in the executive departments as any other members of the Congress. For instance:

President Harding had recommended that our War Department be allowed to give itself essentially to the really considerable task of being readier for the next war than it ever has been for any war in the past, and he had recommended accordingly that the Secretary of War be relieved of eight named civilian engineering activities. The Congressional Joint Committee, however, after listening to all the provoked remonstrances, recommended the transfer only of the three smallest of these activities and left the five largest and most powerful of them still diverting the attention of the Secretary of War from his military tasks and duties.

The committee pursued, on the whole, a similar course of retreat and of frustrated compromise along every other sector of the reorganizational front.

It accordingly occurred to a few audacious and drastic souls that the free Roman Republic, in moments of emergency, did not hesitate to appoint dictators to solve otherwise unsolvable puzzles and tangles. If Congress could not solve reorganization, and if a congressional

committee could not solve it because of the politically uncontrollable internecine warfare between the federal feudal barons at the heads of bureaus, why not confide the imposing of a reorganized peace upon them totally and exclusively to the President, who, as the head of the executive branch, enjoys constitutionally the power of removal and who therefore can reduce all federal employees either to silence and consent within the federal service or to vain reminiscence outside it? In other words, why not send the problem of reorganizing the federal employees to the one man who, besides being Chief Executive, is also Sole Executioner?

It remained to find a President who looked as if he would be willing, at need, to "execute" in both senses. Hope that this search had arrived at success was tentatively embraced in interested quarters when on March 4 of this year the Presidency passed to Herbert Hoover.

It was embraced with an approach to firmness when Herbert Hoover appointed Walter Newton, a member of the House of Representatives, to be one of his three secretaries and when he accompanied the appointment with the announcement that Mr. Newton would give a special attention to aiding him in the solution of the problem of the reorganization of the executive part of the Government. Mr. Hoover then became the final fortress of the aspirations of the reorganizers.

Among the men who gazed at him with some confidence in his ruthlessness as well as in his capacity and integrity was Frederick William Dallinger, member of the House from the Eighth Massachusetts District which includes Harvard College.

Mr. Dallinger at one time lectured in Harvard College on Government. He also practiced the legislative arts of government in the Massachusetts House of Representatives and in the Massachusetts Senate. He additionally, however, interested himself in business and was president of the Cambridge Board of Trade. He now is serving his eighth term in the Federal Lower House.

He is a member of the House Committee on Expenditures in the Executive Departments. It is to that Committee that all reorganizational bills must presumably go.

Mr. Dallinger's bill

APRIL 18 of this year Mr. Dallinger introduced a bill which was referred to the Committee on Expenditures in the Executive Departments and which will be brought to consideration by that

Committee as soon as the Congress reconvenes in regular session next December. It leaves little to be desired in the direction of clothing the President with powers of unimpeded vigor.

"The President," says this bill, "is authorized and empowered to transfer divisions and bureaus from one department to another and to consolidate or combine departments, divisions, bureaus, and commissions one with another as he deems best for the public service."

He further is authorized and empowered "to abolish any or all departments, divisions, bureaus, and commissions by him found to be unnecessary for the proper and economical conduct of the Government's business." He finally is authorized and empowered "to establish by proclamation any new department, division, bureau or commission that he deems necessary for the public business."

All up to the President

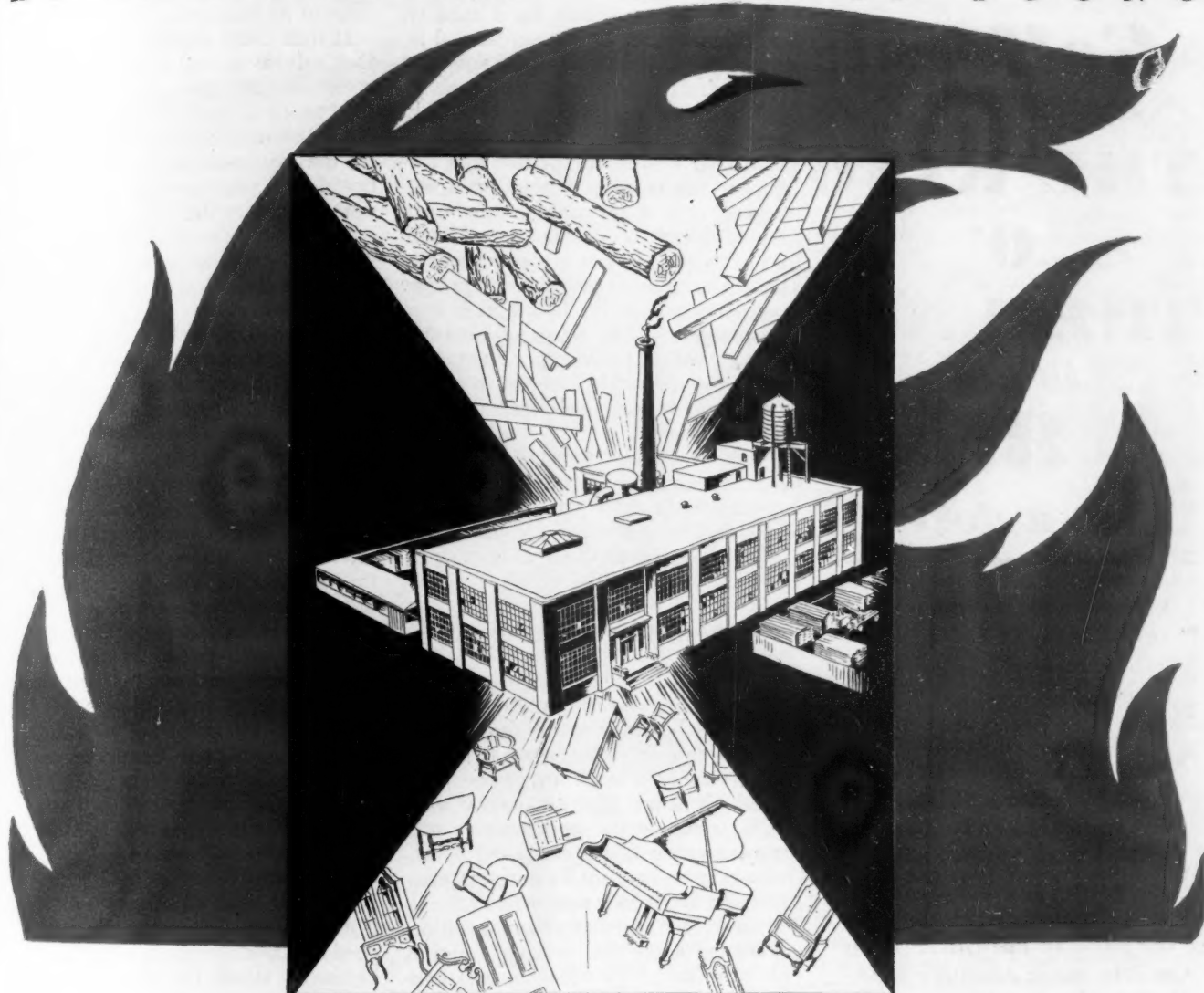
HE IS given all these authorizations and empowerings by this bill, without any congressional committee to hold hearings for him and without any congressional reorganization board to make recommendations to him. He is supposed, by this bill, to name only such advisers as he pleases, to listen to them in his discretion, and to act according only to his own completely free will and conscience.

This period of freedom for him in the solving of the problem of reorganization would terminate at the end of two years. Then Congress would resume its normal authority; or, in the language of the bill, "all changes in the organization of the executive departments made by the President in accordance with the provisions of this act shall have the full force of law until altered, amended, or repealed by act of Congress."

Naturally no such bill will fail to encounter determined and protracted opposition. A bill conveying somewhat similar powers to the President was reported into Congress, during the late war, for war-time needs and uses. It bore the name of Senator Overman of North Carolina.

It was ultimately passed. It attained to that success, however, only after one of the longest and stubbornest debates in recent congressional history. Every ounce of war-time fervor that could be elicited by war-time rhetoric had to be summoned into patriotic motion before Congress could be brought to entrust such powers to the President even for the space of a conflict with a foreign

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enemy. It is therefore sometimes thought that some sort of compromise between reorganization by a congressional committee or a congressional reorganization board, on one hand, and reorganization by the President alone, on the other, may have to be sought and found.

In that field of speculation and surmise it has been more than once suggested that a reorganization board should be put together not out of members of Congress but out of nationally known members of the American private business community. It is argued that the problem is at bottom a business one. It is argued that the proper function of Congress stops with the enactment and statement of the ends which the laws are to achieve.

It is argued that the technical administrative mechanisms through which the executive branch proceeds to that achievement are in the domain not so much of legislative vision as of business practice.

A board to recommend only

IT IS conceded that Congress may be reluctant to invest the President in this matter with powers wholly unrestricted and absolute. It is thereupon concluded that possibly a way out of the maze could be blazed and broken by some such device as the appointment of a reorganization board composed of private citizens eminent in business management and which would have to recommend each and every reorganizational change before the President could by his own authority order it into existence.

Putting these various ideas together, and considering the accepted boundaries between the legislative power and the executive power, and considering also the historical lessons of recent efforts to bring the problem of reorganization to a solution, let us—with great timidity—and with therefore a tendency toward consolidated compromises—express the following view:

Congress, in delegating any power, has the constitutional duty to lay down the principles and the rules in accordance with which the delegated power shall be exercised. It therefore, at least by analogy, could properly lay down a list of the "major purposes" which should govern the redistribution of the federal services and activities among the various federal departments and establishments.

It could, for instance, enact as a binding commandment a major purpose of readiness for war, a major purpose of promotion of commerce and industry, a major purpose of promotion of agriculture, a major purpose of promotion of the merchant marine, a major purpose of foreign affairs, a major purpose of conservation, a major purpose of the engineering and construction of public

works, and so on. It thereupon would have declared the principles and the rules of its legislative will.

It then could simultaneously provide that advice in the applying of these principles and rules should be given to the President by a reorganization board of leaders of American business named by the President but admitted to the board only after scrutiny and confirmation by the Senate.

It could then empower the President, without further action by Congress, to put the recommendations of this board into instant effect.

It could set a limit of time to these powers of the board and of the President, resuming its own full authority immediately upon the expiration of that time, but it should give the board at least one year for study and the President at least one year thereafter for action.

The heart of any such plan would lie in a new and more direct and intense interest to be taken in this subject by the business community of the United States. To this time the business community has been largely content to advance the subject by only haranguing and imprecating Congress.

Congress, in truth, does not suffer much from the failure to reorganize the administrative branches of the Government. It is the business community that suffers.

The services it gets from the Federal Government are weakened by lack of concentration in the giving of them. The corrections and chastisements it gets from the Federal Government are sharpened by the multiplicity of the agencies bestowing them. The victim of the failure to reorganize is not the legislator but the business man. It surely would seem that it is now at length appropriate for the business man, through his own organized channels, not merely to stand ready to assist in reorganization but even to proffer to the Federal Government an assistance which it does not yet request but which it profoundly in fact requires.

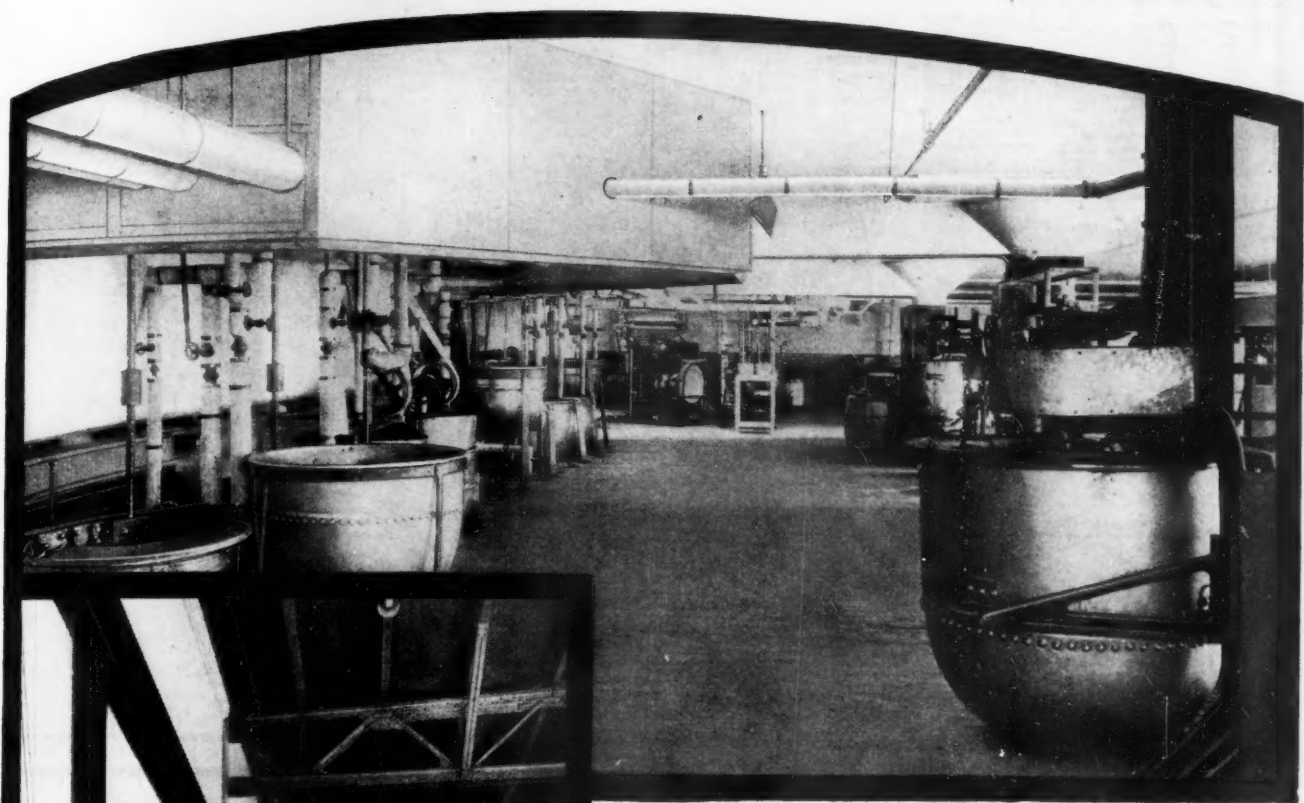
Slogans Invade England

SLOGANS have spread to England. The one that is attracting the most attention over there just now is "Buy British." Only the British don't call it a slogan, but a "maxim."

"Buy British" was put on the map in England by the Empire Marketing Board; and now the London *Times* has printed a letter signed by several members of Parliament suggesting that the "maxim" be given the same emphasis and the same publicity throughout the whole of the Empire.

The object of this would be to educate the people of the Dominions to the benefits that would follow if they would buy more British goods and less from foreign markets.

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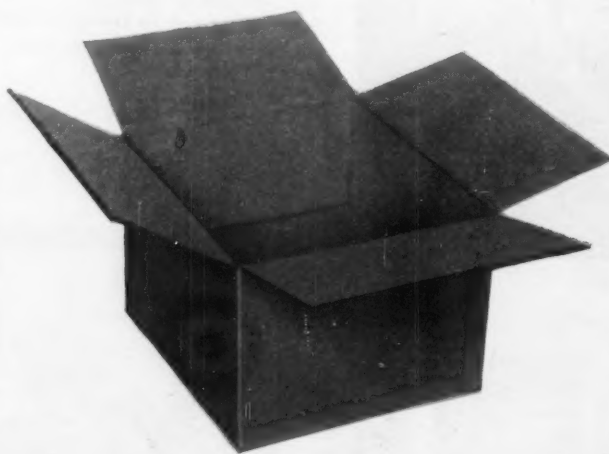
Albany.....Main 2978M	Dayton.....Main 223	Pittsburgh.....Grant 6187
Baltimore.....Wolfe 7376	Detroit.....Glendale 4947	Richmond.....Randolph 604
Boston.....Stadium 6500	Grand Rapids.....31439	Rochester.....Culver 2177
Bridgeport.....Barnum 3955	Indianapolis.....Riley 1188	Sandusky.....Main 304
Buffalo.....Seneca 3156	Kansas City.....Victor 5522	South Bend.....Main 3-1101
Chicago.....Superior 1332	Louisville.....City 644	St. Louis.....Evergreen 0220
Cincinnati.....Avon 8405	Minneapolis.....Atlantic 1833	Toledo.....Main 8710
Cleveland.....Main 5732	Muncie.....Main 2286	Toronto.....Lakeside 4052
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WHAT I'VE BEEN READING

By WILLIAM FEATHER

NOCURRENT book has given me greater pleasure than the excerpts from the journals of Emerson, Thoreau, Burroughs and Hawthorne. The latest addition to the group is "The Heart of Hawthorne's Journals."¹

Hawthorne is probably our greatest novelist. His journal, in which he wrote almost every day, covers the major part of his life. The entries are the thoughts, observations, and bits of philosophy that pass through the mind of a brilliant man in the course of a day's living. You get shrewd comment, lucidly expressed.

Hawthorne lived in England at the height of his career and met all the people of consequence in this country and abroad, where the "Scarlet Letter" and other novels were sold on every news stand. Tennyson, Macaulay, Dickens, Disraeli, Jenny Lind, Emerson, Lowell, Thoreau, Bryant, the Brownings, Leigh Hunt, President Pierce, and dozens of others were friends of Hawthorne or sought introductions to him. He writes vividly of each, and a page of his comment is as illuminating as a whole volume of hack-written biography.

Two incidents reveal the temper of the man. One day he was awaiting an opportunity to see the pope pray at the chapel of the Holy Sacrament, and he says, "His Holiness should have appeared precisely at twelve, but we waited nearly half an hour beyond that time; and it seemed to me particularly ill-mannered in the pope, who owes the courtesy of being punctual to the people, if not to St. Peter."

On another day he was invited to a private home in London where Jenny Lind, the famous singer, was to be. Jenny Lind arrived a little late, and was taken directly to the drawing room by her hostess. "Shortly after," writes Hawthorne, "our hostess came to me, and announced that Madam Goldschmidt (Jenny Lind) wished to be introduced to me. There was a kind of gentle pre-emptoriness in the summons, that made it something like being commanded into the presence of a princess; a great favor, no doubt, but yet a little humbling to the recipient."

After other comment on her looks and conversation, he wrote, "She said

something or other about 'The Scarlet Letter'; and, on my part, I paid her such compliments as a man could pay who had never heard her sing nor greatly cared to hear her."

Finally, here is a bit of Hawthorne realism:

"Nothing comes amiss to Nature—all is fish that comes to her net. If there be a living form of perfect beauty instinct with soul—why, it is all very well, and suits Nature well enough. But she would just as lief have that same beautiful, soul-illuminated body, to make worm's meat of, and to manure the earth with."

"WE HAVE at the moment in England only two universally known men of letters," says Hugh Walpole. "One of them is, of course, George Bernard Shaw. The other is Edgar Wallace."

Edgar Wallace is the Henry Ford of novel-writing. He has written nearly 150 thrillers. One out of four books sold in England is said to be by Edgar Wallace. Now he has invaded America. His plays

are on Broadway, his books are seen everywhere, and the talkies have signed him up. But he still functions as a newspaper man, doing a daily racing column and dramatic criticisms.

His fortune must be mounting prodigiously, for the sales of his books have mounted to 5,000,000 a year. He has four or five plays in current production in London and three in New York. He writes a novel in a fortnight and a play during a week-end. Sixteen thousand words a day is a fair quota for this one-man factory. He can conceive a plot in the time that most writers consume in sharpening pencils.

His chief output is thrillers, but "People"² is his autobiography. A stranger tale was never told. A foundling, he was adopted when nine days old by a fish porter. He sold newspapers at 11 years and became a printer's devil at 12. He enlisted in the army and was sent to Cape Town where he became a

²People, by Edgar Wallace. Doubleday, Doran & Company. \$2.

Business Solves India's Housing Problem



While most of India's workers live in quarters of the poorest sort, efforts are being made to provide adequate housing. The Bombay, Baroda and Central India railway has built these "chawls" or tenements for its workshop employees

¹Heart of Hawthorne's Journals, by Newton Arvin. Houghton Mifflin Company. \$3.

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war correspondent in the Boer War. That fixed his career. He was a writing man. In the "after hours" of newspaper work he first wrote short stories—more than 400, then novels, then plays.

This literary phenomenon, knowing poverty by bitter experience, writes:

"It is the habit to think of the poor in terms of slumdom, but there is a poor which lives in shabby streets and cleans its windows and whitens its doorsteps. A poor whose horror is charity, and whose haunting fear is that it may be buried by the parish. A proud, self-reliant poor that scorns relief and guards the secret of its poverty most jealously. And these are the vast majority.

"The writers of theses never meet these people, and, if they meet them, would learn nothing, for they do not talk about themselves, and regard with sour suspicion those who come prying into their affairs."

Wallace is interesting at this time because he is the foremost producer of thrillers for which there seems to be an insatiable demand. Why this world-wide interest in detective and mystery and crime stories? Because people became sick to death of slimy sex stuff. The revolt is bringing fortune to a new group of writers.

WHO WOULDN'T like to spend an evening in the company of two men—good talkers—who knew everybody in the automobile business? What about Ford and Couzens? What about Durant? Did Ford ever contemplate selling out? What are the Fisher brothers like? Who designed the Chrysler motor? How about John Willys?

Everything concerning the automobile business about which you are humanly curious will be found in "Men, Money and Motors" by Theodore F. MacManus and Norman Beasley. MacManus is a Detroit advertising agent, who has written copy for many automobile manufacturers; and Beasley is a former Detroit newspaper man, now a professional writer.

These men, with a talent for sensing the dramatic incident and with an instinct for what is of human interest, have written a book in which scores of exciting personalities move through 20 years of automobile history. Millions poured into their pockets. Original investments of a few hundred multiplied to millions of dollars. Factories sprawled over vast acres. Bankers predicted saturation of the market, but these young business men speeded their machines, built additions to their plants, and sold all they made at handsome profits.

The reader feels that a new type of business genius has been in control of automobile manufacturing.

These men are different from other business men. They spend five millions for advertising, and fight for a tenth of a cent in the shop.

They pay high wages and get the last ounce of energy. They scrap old factories like used packing cases. They master production, engineering, selling, banking, teaching new tricks to old-timers in every line.

Daring, energetic, resourceful, and quick-thinking, they amassed colossal fortunes without exciting the envy or indignation of employes or customers. The public regards their game as fair and honest.

"Men, Money and Motors" is written in a staccato tempo. The story is not developed chronologically. A sober, academic study might be more pleasing to a professional temperament. But most readers will enjoy the lively beat of this tale. It tells what most of us want to know about automobile history, and entertains us while we are gaining information.

ONE FEATURE of book-reviewing I dislike is the almost irresistible tendency to write only about new books. Most of us would spend our time to better advantage if we read old books. The wisdom in the old books has been tested. The reading involves slight risk. You know you are going to get your money's worth and your time's worth.

Although a new book, "From Confucius to Mencken" contains nothing that has not appeared in other volumes. It, therefore, offers an opportunity to recommend some "old stuff".

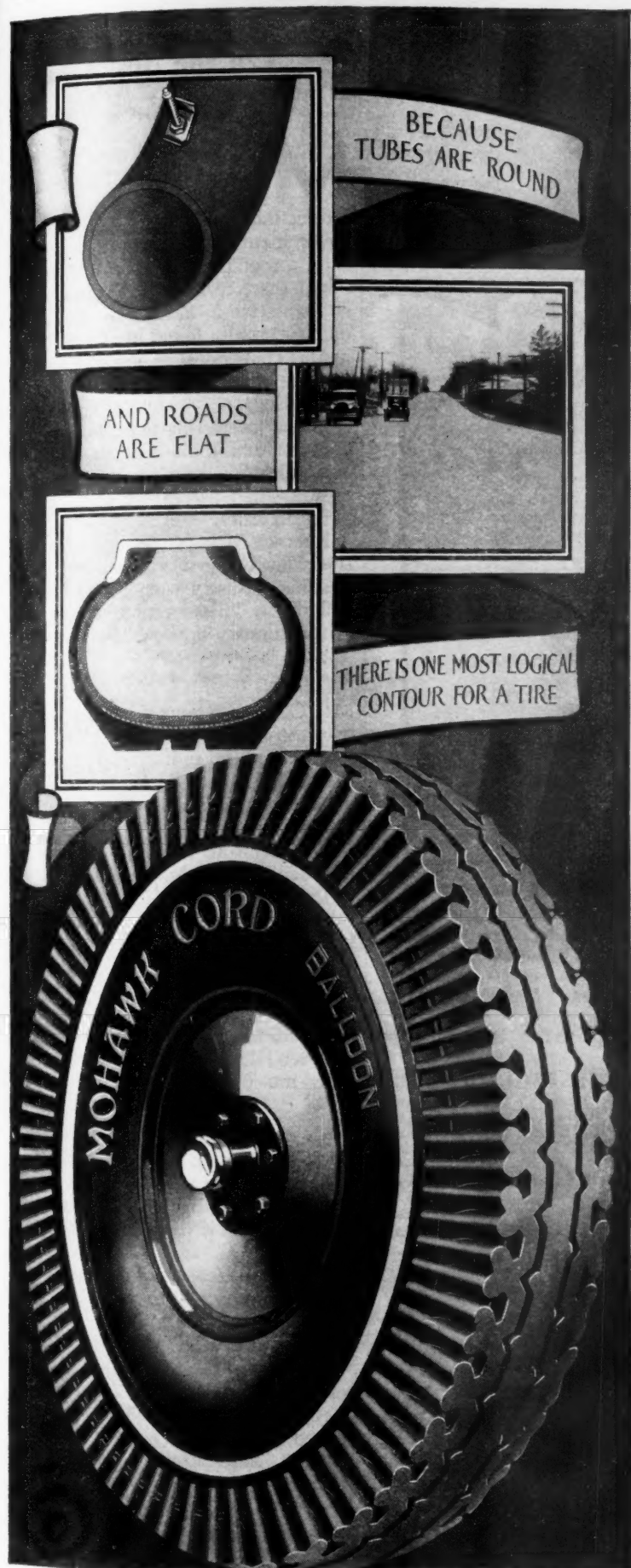
F. H. Pritchard, the editor of this volume of a thousand pages, has searched the works of the world's best writers, and those that attempted anything in essay form are represented in the book with one sample. He has gone to every country and harked back to every age.

I REGARD the essay as the equal of any form of written expression. Its brevity compels lucid writing. It affords an outlet for the homely wisdom of the people. No essayist can be dull long. The longest essays in this book cover less than a dozen pages; most are concluded in a page and a half.

In turning the pages one evening I read "Crabbed Age and Youth," by Stevenson; "Dog and Man," by Roland Holst; "The Sparrow," by Turgenev; "Cats," by Karl Capek; "The Whistle," by Benjamin Franklin; "About Barbers," by Mark Twain, "On Living in the Country," by David Grayson, and "What, Then is Culture?" by Katherine Fullerton Gerould. Every essay was choice, delightful. The book contains a dozen evenings of solid pleasure.

"Men, Money and Motors," by Theodore F. MacManus and Norman Beasley. Harper & Brothers, New York. \$3.

"From Confucius to Mencken," edited by F. H. Pritchard. Harper & Brothers, New York. \$5



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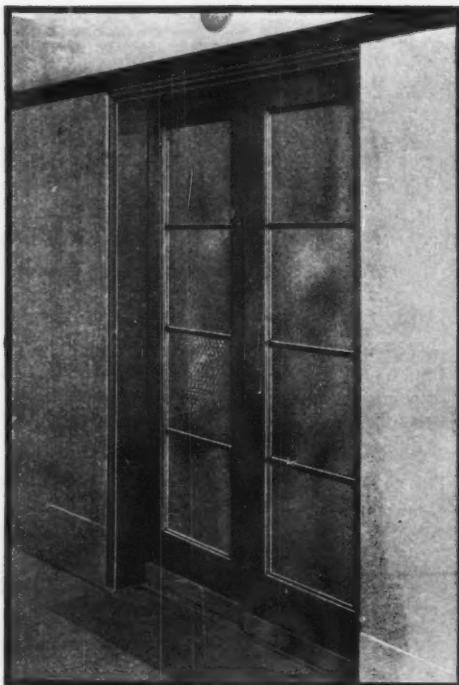
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On the Business Bookshelf

MR. COATMAN director of public information of the Government of India, has written an interesting review of India, its people, government and industry.¹ The fact that it is an official report to Parliament might scare away some readers, but it is distinctive in lacking the dry, dense quality usually found in official reports in this country. It is not light summer reading but it is nevertheless clear and interesting.

A few interesting notes from the report are that India is dominantly agricultural; it is a country of small villages, only a small percentage of the people living in cities.

Literacy is improving yet comparatively few of the people can read. There is some industry such as textiles but still nearly 75 per cent of the imports of the country are manufactures.

MR. CLARK'S book is published frankly to boost music in industry.² It is, therefore, prejudiced in its viewpoint, but in the present case that is not a serious disadvantage since few people rabidly object to music.

The foreword holds William Green, president of the American Federation of Labor, responsible for the statement that "music is a friend of labor, for it lightens the task by refreshing the nerves and spirit of the worker and makes work pleasanter as well as profitable."

The statistics in the report show that an astonishing number of industrial and commercial plants have orchestras or other music groups.

IN HIS book on investment management,³ Mr. Rose points out that investment of capital, like insurance, is essentially a business of assuming risks for profit.

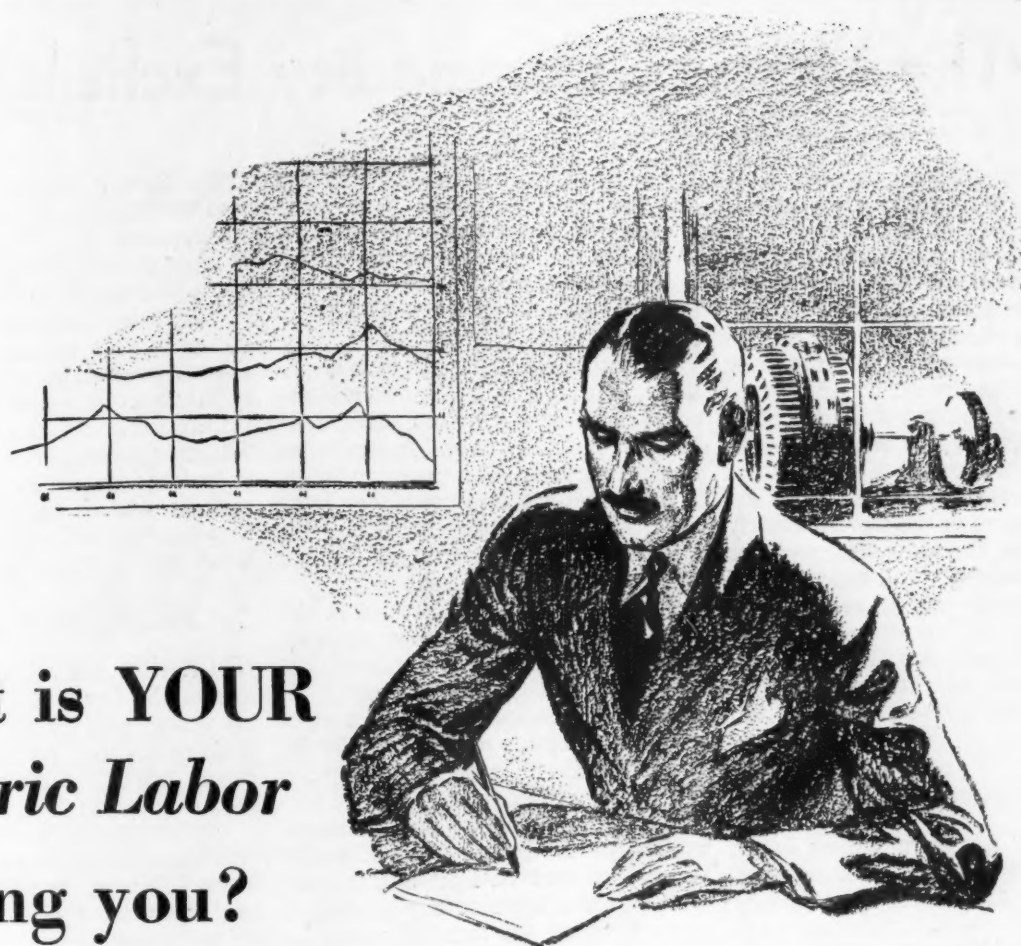
The unique feature of this book is the author's analysis of the investment experience of a wide group of investors showing just what they have accomplished from the varying investment policies followed.

The volume is difficult to read. It is packed, too much it seems, with analogies between insurance of various kinds and investments.—W. L. H.

¹India in 1927-1928, by J. Coatman. Government of India Central Publication Office, Calcutta, 1928.

²Music in Industry, by Kenneth S. Clark. National Bureau for the Advancement of Music, New York, 1929.

³Scientific Approach to Investment Management, by Dwight C. Rose. Harper & Brothers Publishers, New York, 1928. \$5.



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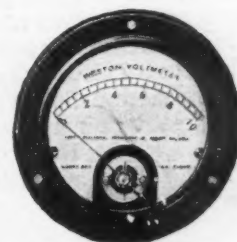
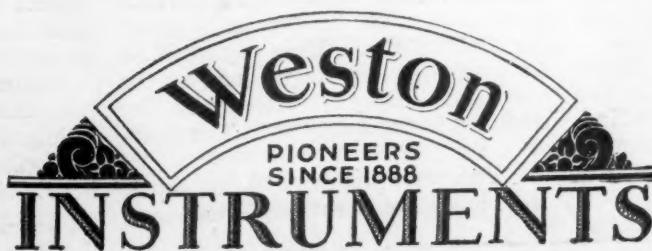
ELECTRICITY is labor in a specialized form. You can't measure it by manual labor standards unless you account for its cost on a "piece-rate" basis. Certainly the time has come when you can no longer regard it like day labor—as *bulk power*. It must be allocated *beyond the switchboard and feeders* to individual production machinery and other electrically powered equipment.

In other words, in this mass production age there must be a "piece-rate" method of accounting for the electric power required in various departments to fashion the parts and assemblies of your products. Business executives now realize the need of frequent inspections and tests on all electrical equipment if intelligent and economic plant operation is to be assured.

Accurate and dependable measuring instruments are as essential as foremen where *electric labor* is employed. With their aid in supervising every important process or mechanical operation, electricity will serve you more efficiently, reduce overhead, speed up production, eliminate rejections and prevent costly *electric strikes* through unexpected shutdowns.

Equipment costing many thousands of dollars deserves the fullest measure of protection. Undoubtedly you need additional instruments placed at strategic points along the production line. Your technical advisers will inform you that "Westons" are the world's highest standards of quality and reliability. Your own judgment will tell you that it is poor economy to install any testing equipment unless it is the best.

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The Why of Commodity Exchanges

(Continued from page 48)

will be possible to refer in some detail in this article. Let us first consider the manner in which the exchange facilitates storing and marketing of seasonal crops, taking wheat as our example.

Beginning in June, from Kansas, Oklahoma and other winter wheat growing states of the Southwest, the grain crops begin to move to market. As the Summer advances the flow of grain is augmented by the harvests of spring wheat in the Dakotas, Minnesota, Montana and other states in the more northerly belt and from the Canadian provinces of Saskatchewan, Alberta and Manitoba.

In an average year more than one billion bushels of wheat are harvested in the United States and Canada, moved to market, sold and the proceeds used to pay off the growers' loans at the bank.

A year's marketing in six months

THIS VAST movement occurs in six months. The speed, the smoothness and the low cost of absorbing the great seasonal crops are due in a large measure to the existence of a market in which dealers and manufacturers can rid themselves of risks incident to price fluctuations. This risk is not small as may be seen from the circumstances under which the wheat crop finds its way from the field to the consumer's table.

That interesting mythical person, Mr. Average American, eats the equivalent of four and one-fourth bushels of wheat a year. Only one part of the problem of feeding him is solved, however, by growing enough wheat for his needs. He does not eat all his bread in the Fall when the wheat is coming to market in greatest volume.

Some agency or agencies must absorb a great part of the crop and hold it until the next harvest season. Otherwise there would be a plethora of bread in the Fall and early Winter and a dearth in late Spring and early Summer.

Who is going to hold the wheat so that Mr. Average American may have bread all the year in as great a quantity as he needs and at a uniform price?

The average farmer cannot. He is a grower—not a warehouseman. It requires capital to store grain in large volume, and the grower requires his capital to prepare for the new harvest.

The country elevator has not the facilities for storage. So the grain flows on to the great terminal elevators in Kansas City, Chicago, Duluth, Minneapolis and Fort William and into the hands of merchants and millers.

The terminal elevator has facilities

for storing grain in large quantities, but physical capacity is but one problem for the elevator. The wheat market is worldwide. Europe, exclusive of Russia, requires approximately 1,800 million bushels of wheat and its production is insufficient for its requirements.

Harvest of the European crop begins in August as the United States and Canadian crops are flowing to market. Late in the year Argentina and Australia begin their harvests. A comparative failure in any wheat-growing region may bring the price in December far above the price in August. Conversely, a bumper crop may produce a decline.

This risk of change in price is the greatest hazard the elevator owner faces. Without the means of insuring against it, his business would necessarily be more precarious and the margin of profit he would require to compensate him for the risk would be materially greater.

So, as the wheat comes to the terminal markets—one to four thousand cars a day—the elevator buys. The public demand may be light but the elevator operator keeps on buying. As fast as he acquires the farmers' wheat he sells futures in the Chicago, Kansas City or Minneapolis markets against the wheat he has on hand. This is a "hedge."

Sells for future delivery

THE elevator does not necessarily deliver wheat on the hedging transaction. The futures sale is made solely for price protection—insurance against the risk of price change. As the wheat is sold from time to time by the elevator to merchant, miller and exporter, the elevator operator will close out his futures contracts, so that his sales of futures correspond in amount with the wheat he has on hand.

His object is not to gain or lose through price changes—to speculate on the movement of prices—but to make sure that he will realize his ordinary profit for storage and his expenses for insurance and interest.

When the elevator man is buying his wheat in August, let us say No. 2 Hard Winter is selling at \$1.30 a bushel and that the December future is \$1.35. The elevator operator places his hedge in the December future. Assuming for the sake of simplicity that his purchases are of the contract grade, he is paying \$1.30 for cash wheat in August and at the same time selling for delivery in December a like quantity at \$1.35 a bushel.

He does not profit by this difference. If he holds the wheat until December, the costs of carrying it will approximate

the difference between purchase prices and the price at which the December futures were sold. What he does secure is more or less immunity from loss because of possible price decline.

With sales of futures equaling his purchases of cash grain, he cares nothing about a possible bumper crop in Europe or other sections and nothing about a price decline. As long as the prices of futures and the prices of cash grain move in unison, and as long as there is no material change in the price relationship between different grades, the elevator man is protected.

His prices become steady

IF PRICES decline, his profits on the sale of the December futures equalize his losses on the grain in his elevator; if prices advance, he gains by reason of higher prices for the cash grain, but loses on his sale of the futures.

He foregoes the possibility of speculative gains to obtain insurance against losses. Likewise, the miller uses the hedge as a protection against risks incident to price changes, the only difference being that he buys futures for the amount of wheat he will require to meet his forward contracts for flour, or for the flour he will require to keep his mill operating.

In affording this protection through hedging operations, the commodity exchanges perform their greatest economic service. Gambling on raw materials, speculation on the future course of prices, risks of possibly ruinous loss—all these may be avoided or largely offset by the sale or the purchase of a contract in the futures market against a corresponding purchase or sale in the cash market.

In the case of commodities whose production is seasonal, the commodity exchange also provides a means whereby dealer and manufacturer may safely carry the surplus for distribution throughout the crop year.

Commodities such as coffee, silk, rubber, and cocoa, which flow to market more evenly and whose markets are not subject to seasonal glut and dearth, do not require an agency to enable supplies to be carried through a season. But because production and consumption are subject to wide variations they require a medium to afford dealers and manufacturers protection against price risks.

Rubber and silk have shown wide price changes comparable with the volatile grain and cotton markets. The flow of supplies to market is steady, but there is no assurance that the prices of today at which the dealer buys will be the prices of a fortnight or a month hence

Wherever Current Goes

Limitless, it seems, is public demand for the convenience and usefulness of electric powered appliances. Each year this demand seeks out new uses . . . creates new markets. It has strung wires to the remotest corners of the nation, and set some 20,000,000 small motors at work in homes and industries.

No appliance manufacturing decision, we believe, is more important than the selection of a source of motor supply . . . and none deserves more careful investigation. For motors *must not fail* if public confidence is to be maintained and appliance builders protected from ruinous service costs.

The Domestic Electric Company has devoted its entire business life to the development of *special fractional horsepower motors*, and to a study of problems of appliance design, manufacture and marketing. The fruits of this experience are available to appliance manufacturers through constant contact

with principals of this organization, working as a department of the businesses we serve.

The growing number of widely varied fields in which Domestic motors are now in use is the best evidence of the unusual character of this service.

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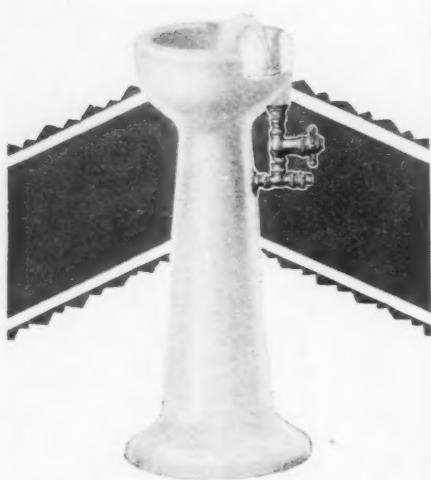


Domestic motors are now serving in these, and other, important appliance fields:

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- Sirens
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- Sanders
- Wood working machinery
- Automobile jacks
- Oil flushers
- Air compressors
- Sprayers
- Oil pumps
- Dish washers
- Meat choppers
- Coffee mills
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- Drink dispensers
- Cream separators
- Can openers
- Saw sharpeners
- Saw tables
- Electric hoists
- Grinders
- Cloth cutters
- Oil burners
- Sump pumps
- Moving sign displays
- Lawn mowers
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- Pipe cutters
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(142)



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when he sells. If the prices go lower, the dealer loses on inventory.

The facilities for hedging which the modern commodity exchange affords to producer, dealer and manufacturer are a signal contribution to the efficient and economical distribution of the commodities. Insofar as the ability to hedge minimizes price hazards, the efficient working of commodity exchanges is a matter of dollars-and-cents, interest to producer and consumer.

We know that in every line of business, price and profit correspond to the degree of risk. The retailer's margin of profit on specialty lines subject to changing demand through frequent style changes must be larger than that upon lines less subject to the effects of whim and fancy.

The insurance company must charge a greater premium for substandard than for standard risks. The commissions of the bond house for the sale of the debentures of a manufacturing company must be larger than its pay for distributing a high-grade municipal issue.

As risk is reduced, the dealer or manufacturer is enabled to do business on a smaller margin of profit, and reduced profit margins brought about through risk reduction find a natural reflection in lower and more stable prices for the food the consumer eats, for the cotton and silk goods he wears or for the rubber tires he uses on his car.

The modern commodity exchange contributes in no small degree to the financing of commodities. Since the exchange provides an instant and continuous market for the commodity and makes the commodity readily transferable by means of warehouse receipts, such a commodity becomes a favored and acceptable collateral for loans by commercial banks.

Furnishes good collateral

THE OWNER of the commodity may raise money readily on warehouse receipts representing grain in store, and because this grain can be sold at any time, he is able to borrow to a much greater proportion of the value of the wheat than if the market were less certain.

He may borrow up to 90 per cent of the value of the wheat represented by the warehouse receipts—a degree of liquidity as high as that of listed stocks and bonds, and a ratio made possible by the banker's knowledge that the commodity possesses an instant market. The exchange imparts the quality of liquidity to the commodity in which its members trade.

On every exchange at least one tenderable grade is prescribed; but on most exchanges there are many grades any one of which may be delivered at seller's option in fulfillment of his contract. One grade is designated as the basis grade and all contracts made and prices quoted

are in terms of this grade. But other grades may be delivered at definitely established premiums over or discounts from the basis grade.

The seller of a commodity who intends to deliver on an exchange contract ordinarily stores his goods in a warehouse licensed by the exchange. There the commodity is sampled, tested and weighed by inspectors and graders. If the lot conforms to the standards established by the exchange (or by government regulation, as in the cotton and grain trades), a class certificate is issued, stating the grade of the lot inspected.

Dealing in warehouse receipts

NOW the owner has a negotiable warehouse receipt which may be transferred by delivery and a class certificate showing the grade of his particular lot. To make delivery he first issues a transferable notice to the clearing association, which, in turn, passes the notice to an exchange member who is "long" of the market.

The latter may or may not take delivery. If he does not wish to take delivery, he in turn will transfer it, and this procedure will continue until the notice finally lodges in the hands of a buyer who wishes to acquire the physical commodity. The exchanges thus provide not only a ready market place, but the machinery for effecting and facilitating deliveries.

The relationship of the clearing association to the modern commodity exchange deserves more than passing mention. At the end of each day's trading, an exchange member has on his books contracts with other exchange members—as seller to some and as buyer from others. The member may be "long" 1,000 July contracts and "short" 800 July contracts. His net interest is 200 contracts.

Instead of settling directly with the other members, he "clears" the contracts through a central association or clearing house and thus a vast amount of unnecessary duplication of work is eliminated. Clearing of trades means the assumption of all contracts by the clearing association, the clearing member thereafter depositing margins daily to maintain his position, if the market moves against him, and being credited with differences if the market moves in his favor.

The clearing association is an organization separate and apart from the exchange. Exchange members who are also members of the clearing association clear all purchase and sales contracts through it, and nonmembers of the association may clear their trades through clearing members.

Not only are all contracts cleared; they are assumed by the clearing association. Once contracts have been cleared, the contracting members are freed of all responsibilities to each other in respect

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to the contracts cleared. The clearing association becomes the buyer from every seller and the seller to every buyer.

Assumption of all contracts by the clearing association places its powerful financial resources back of contracts.

The protection of daily margin adjustment and the guaranty and surplus funds make the financial position of the association well-nigh impregnable.

We have used the terms "cash market" and "futures market"; but it would be more accurate to regard the futures transactions and cash transactions as parts or departments of one great world-wide market.

Each market serves a different purpose; each discharges a separate function, but prices of futures and cash or spot prices are closely interrelated and reflect the market for the commodity whether for immediate delivery on the basis of samples, or for future delivery on the basis of fixed grades. An example will show this interrelation of cash and futures markets.

October arrives and a Buffalo miller has ground up nearly all the hard winter wheat he has on hand. He must take thought toward replenishing his stocks. He wires a Chicago grain elevator for a quotation on No. 2 Hard Winter Wheat.

Assume he wishes 100,000 bushels. He receives an offer of 100,000 No. 2 Hard Winter Wheat at two cents under the December future. The price is satisfactory and the miller accepts. The quotation has been based on a definite relationship between present prices and the price of contracts for December delivery.

Safety against price changes

IMMEDIATELY after the 100,000 bushels have been purchased, the miller sells futures on the Chicago Board of Trade for an equivalent amount. Then, as the mill disposes of its flour, it "covers" its hedging sales, five or ten thousand bushels at a time. The miller, as the season advances, will be in the market again for wheat of the grade he requires for his flour, and with each purchase he will repeat the procedure of selling futures to protect his inventory of the raw material—wheat.

The very natural question arises in connection with futures trading in commodities, why do some commodities have such markets while others do not? Why is futures trading carried on in wheat and cotton and silk, but not in rayon? Why in tin, but not in brass? Why in coffee, but not in tea?

To be adaptable to futures trading, a commodity must possess certain characteristics. Its units must be homogeneous and capable of grading. Since the futures contract requires the delivery of one of several specifically defined grades, and both buyer and seller must know within reasonable limits exactly what is to be received or delivered, a commodity which cannot be graded is naturally un-

adaptable to futures trading. It is essential to the usefulness of any market that it be a free market, one where supply cannot be artificially controlled. As a consequence the commodity must be one whose production is either world-wide or of such great extent as to make manipulation of the supply beyond the bounds of probability.

The commodity must be durable, or capable of being stored without material deterioration in quality. A seasonal commodity which could not be stored for a reasonable time would, by its very nature, contribute to a wild market.

Manipulation not desirable

ANY temporary recession in the movement of supplies to market place would bring about a temporary shortage which would place control of the market entirely in the hands of the "long" interests—the buyers. "Squeezes" and "corners," two artificial market conditions which commodity exchange by-laws aim to prevent, would be encouraged.

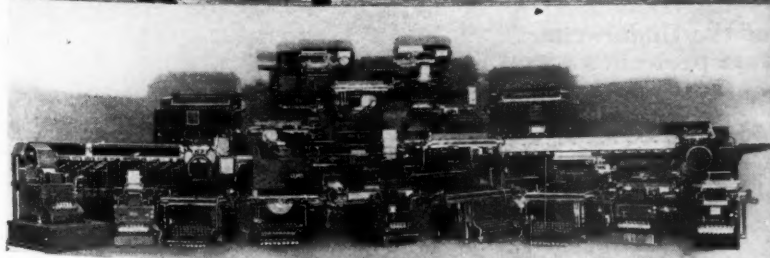
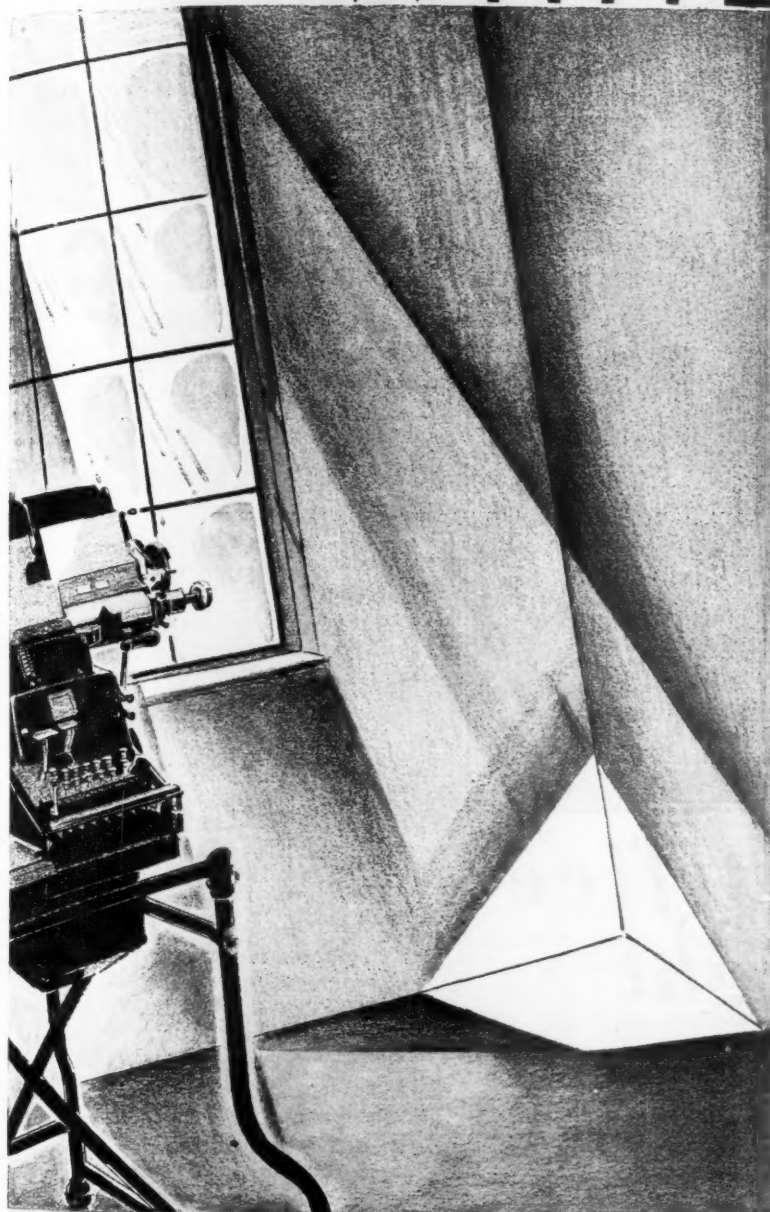
The requirement of homogeneity and of free supply obviously debars any commodity which passes through stages of manufacture to a point where desirability depends in any measure on style or form preference and not on weight and quality alone. If the manufacturing process involves large capital expenditure, the commodity is debarred because control of the supply must rest in the hands of a comparative few.

This summary indicates the qualities and attributes which a commodity should possess to make it adaptable to futures trading. It must not be supposed, however, that all commodities which do not have futures markets at present are unadaptable to futures trading. A commodity may possess every requisite and await only general recognition by the trade of the advantages that would result from the establishment of an exchange for futures trading.

Serving its proper function, that of providing a free market place, the commodity exchange renders services of value to producer, dealer, manufacturer and consumer by providing a means of insurance against price risk; by making stocks of a commodity liquid; by facilitating financing; by standardizing grades; by providing continuous price quotations—and discharging the other duties incident to the maintenance of a national or world-wide market place.

It is not a panacea for all the ills to which any trade is heir. Its machinery is not yet perfected, although its development has been toward higher standards of efficiency and ethics. But the test of more than half a century in the grain and cotton trades and the test of shorter periods in other lines has demonstrated the usefulness and value of its functions as a part of the nation's and the world's machinery of distributing commodities from producer to consumer.

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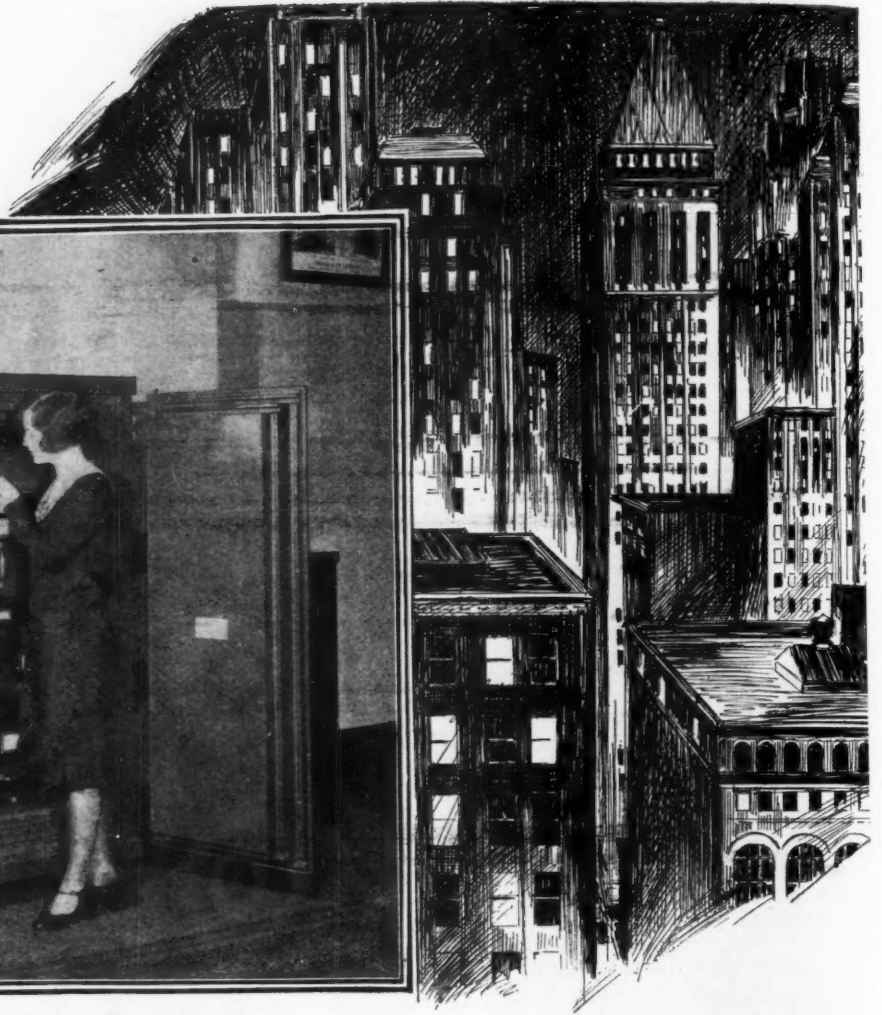
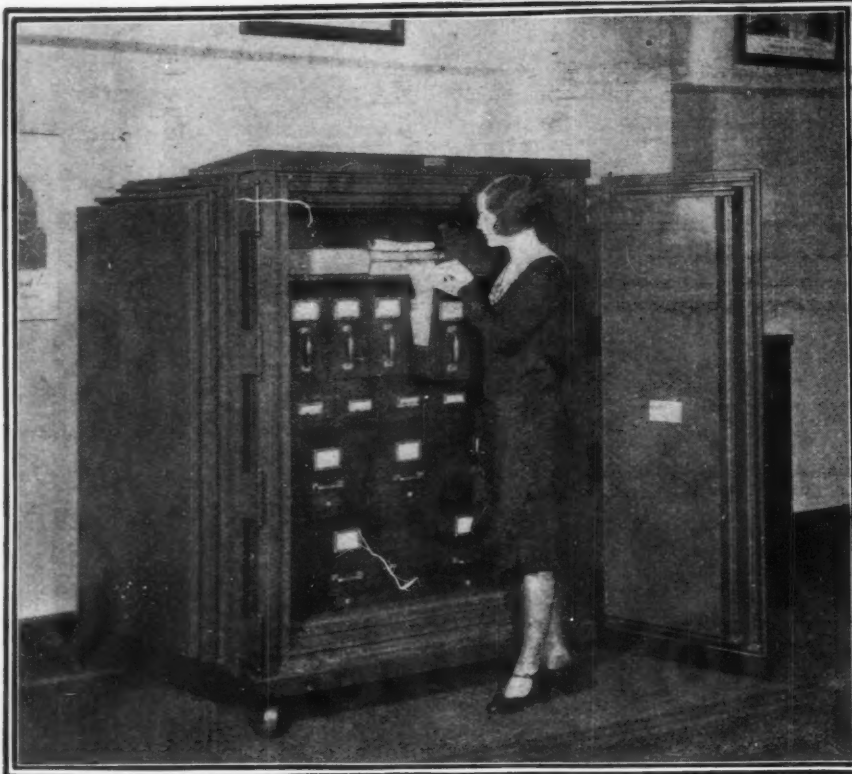
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AS SEEN BY
Raymond Willoughby



IT IS hardly necessary to tell American business men of the usefulness of foreign languages in international trade, and perhaps that is just why Dean Henry Grattan Doyle of George Washington University took occasion to advocate the teaching of foreign languages in the public schools when he addressed the educational group at the National Foreign Trade Convention in Baltimore.

Paradoxical as it may seem, the only objectors to this instruction, to quote Dean Doyle, comes "from a stubborn little group of so-called 'educators' and their fairly large following of misguided and misinformed high school principals and administrators, who, often knowing no foreign languages themselves, see no reason why others should know them."

The attitude of mind is something like that of Nigger Jim in "Huckleberry Finn"—"If a Frenchman is a man, why don't he talk like a man?"

OF THE MANY lessons in economics that have been read from the activities of General Motors perhaps none is more impressive than its continually mounting production against the approaching saturation of the domestic market. Once the need for an additional absorbency was defined, the corporation put itself to the development of foreign sales.

What this expansion of outlet means is indicated by the increase in sales vol-



ume from \$50,000,000 in 1924 to \$252,000,000 in 1928—a figure that represented 17.3 per cent of the corporation's total business. This cultivation of foreign fields is outlined by Alfred P. Sloan, Jr., president, in a statement to the stockholders. He said:

General Motors is truly becoming inter-

national in scope and character. At strategic centers of world trade we now have 24 subsidiary operations that are assembling cars and selling them through distributors and dealers in more than 100 countries. General Motors has made an investment overseas of more than 65 million dollars in plant, equipment, inventories, and working capital. General Motors is not merely selling its cars in these markets, but is in business in those countries and is making itself a part of the economic life of those nations.

It is true that American business has had overseas interests from the first, yet the appearance of organization in these operations is recent. President Sloan's statement comprehends this later and larger significance, for it reveals the establishment of a world-wide commercial representation that bears no relationship to the old-time "dollar diplomacy."

AS EVERY traffic cop well knows, "no parking" signs are more honored in the breach than in the observance. The problem of dealing with tourist violations has been pleasantly relaxed by Atlantic City. When a visitor leaves his car in a space forbidden to the natives, a traffic officer attaches a card which informs the tourist that if he will call at headquarters he will be told where he may park without violating the traffic rules. Along with this suggestion goes a welcome to the city.

If this experiment in courtesy is as successful as it promises to be, it will provide a happy precedent for a larger dispensation of community hospitality. Tales of motorists all remind us that there is usually more distinction for a guest in finding free parking space than in receiving the keys to the city or the freedom of the port.

SENATOR COUZENS has made it clearer that the victories of bureaucracy are no less renowned in philanthropy than in government. In providing that his gift of \$10,000,000 for the education of children be spent within 25 years, he said:

I have learned the evils of what is commonly called "bureaucracy." Government

officials go on being the same things year in and year out, without any one stopping to consider the reasons why or the benefits that may accrue.

The records of Congress and of Government Departments are cluttered up with reports involving a great amount of labor by some one and of expenditures from the public funds, but dealing with purposes which long since have become obsolete.

The same thing applies to many charitable institutions. They often lose their usefulness because they are no longer needed. Their directors like to see the money pile up in the treasury, and are apt to forget the purposes for which the trusts are created.

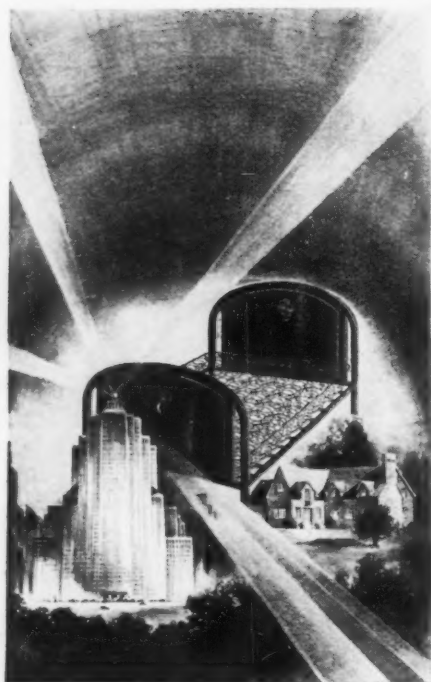
From the Senator's point of view, an "antitrust" administration can be thoroughly antisocial.

TWO NEW YORK hotels have brought the telephone and the radio to a new usefulness in inter-connection. The elim-



ination of static and the complete control of messages are among the direct benefits seen by the management. The equipment at the sending end includes a microphone, an amplifier, a motor generator, a rectifier, radio tubes, and a sound projector. These instruments are connected with ordinary telephone wires extending to the receiving apparatus, which in turn is connected with a motor generated amplifier and concealed sound projectors. The total installation cost was less than \$2,000.

Guests who wish music when the hotel orchestras are off duty can turn on music from a scratch-eliminating phonograph arrangement. Amplification cannot be increased to a volume that could be heard in an adjoining room. And when the chef of the Lombardy wants to discuss a delicacy with the maître d'hôtel of the Tuscany he can



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Here Kemp is used with high efficiency in heating ovens for tempering steel springs and for enameling. Besides absolute duplication of treatment, production has increased, labor decreased, fuel costs lowered and working conditions improved.

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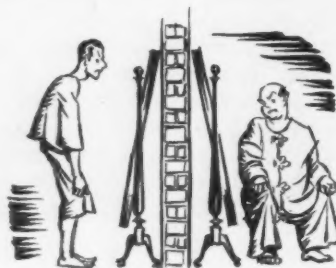
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also take the two staffs into his confidence without stirring from his kitchen.

How this innovation may affect the perquisites of bellboys is not quite clear. The best tradition seems to require that a squad of bored pages be ever in pursuit of elusive guests. Hotel life would not seem just the same with a disembodied voice "calling Mr. Jones" from all points of the compass. As to tipping, it is not at all likely that the gentlemanly Mercuries would ever yield the palm to a loudspeaker.

THERE COULD be no question of the propriety of holding a conference on proposed standard measurements for men's pajamas. And certainly no group could be in closer touch with the situation than the Nightwear Manufacturers' Division of the International Association of Garment Manufacturers. The only matter that needs light is the problem of defining the minimum standard measurements for finished garments.

One school of cutting seems to hold that a man and his pajamas are soon parted, and that the figures to be fitted



are as standard as the A, B, C's, which is one way of looking at the business, of course. It would be easy for the wearers to believe that the makers took their original pattern from the myth of Procrustes, the innkeeper who had a special bed for travelers. If the guest were too long, his legs were cut off, and if too short, he was stretched to fit.

Standardization is all very well as far as it goes. But the desirability of local option in individual cases has long been apparent. The long and short of the consumer's situation argues that a little excess now and then would hardly be regarded as an intemperance of manufacture. More likely, it would be welcomed as a useful footnote on the international progress of pajama making.

RADIO IS no infant industry, as every one knows, but there is likely to be some lifting of eyebrows at the Cleveland Trust Company's judgment that radio production has reached the same stage as automobile manufacturing. This advance has been achieved through standardization of parts and the stabilization of engineering principles.

As for the immediate development of the industry, the bank believes that "radio should follow the line of further

refinement of the present product rather than the introduction of revolutionary innovations," for "virtually all makes of radio offer the same specifications" and "the difference is in the quality of material and the skill of manufacture."

An enormous advance in sales volume is shown by the figures for 1922 and 1928—\$5,000,000 against \$306,000,000. In the same period, the sales of parts dropped from \$40,000,000 to \$12,000,000. That shrinkage signifies the passing of the novelty age of radio.

Home-made sets built from parts were once the rule; now they are the exception. The steady decline of the prices of manufactured sets is a decisive reason for the sag of part sales. Tinkers we have always with us, but it must be that they are trying their hands on some industry younger than radio.

NO PASSENGER could quarrel with the shiny luxury of modern travel as exemplified by the New York Central's "derby day" special to Louisville. Motion pictures, hostess, maid, barber, valet, lounge and observation cars, shower baths, and a gymnasium served to justify the advertisement of "every modern travel comfort and recreation."

But the electric horse included in the equipment is a situation in itself. Did the company merely wish to declare an extra dividend of racing atmosphere, or did it think to make the sport of kings seem only an animated hobby? That—as the saying is—is a horse of another color.

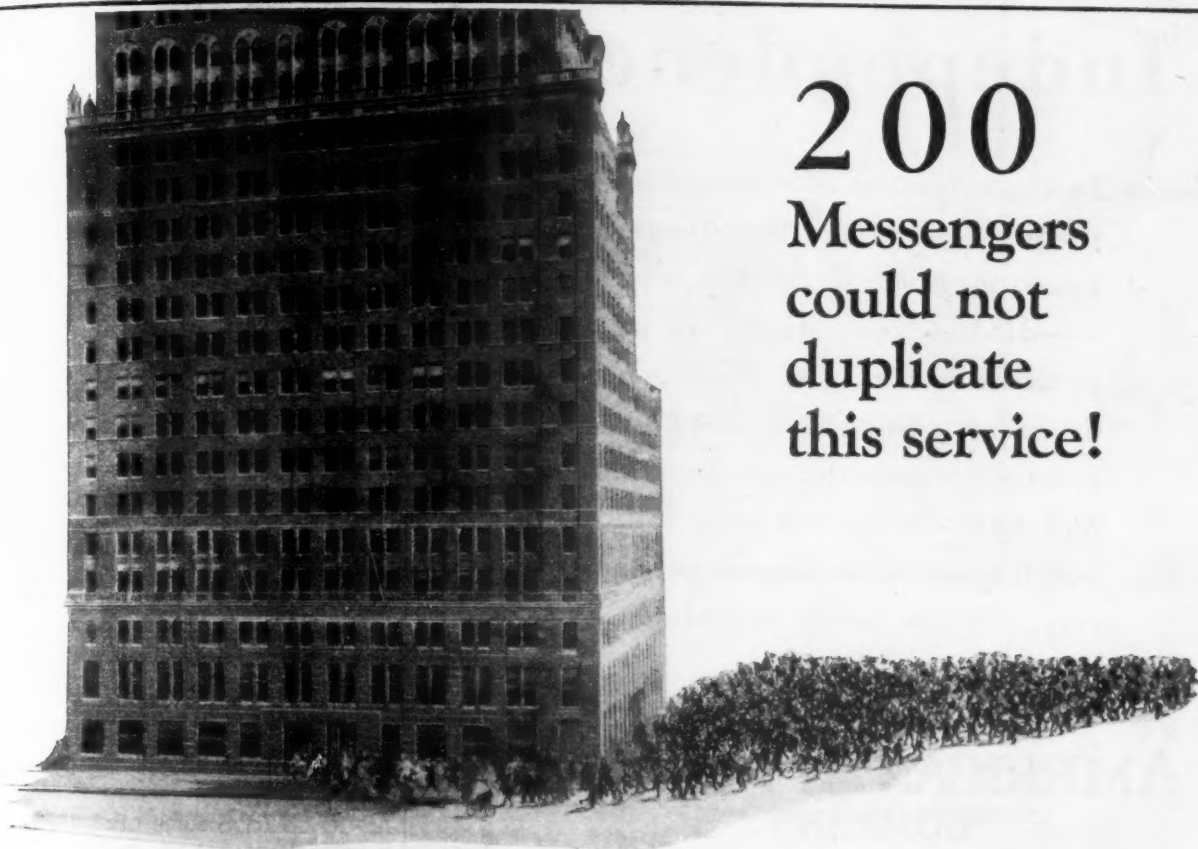
THE INDIVIDUAL meat market, like the independent grocery store, is confronted with increasing competition from new selling agencies and is fighting for its existence. It is obvious that methods of distributing meats have changed greatly during the last 20 years, and largely because of the changes in consumer requirements.

As pointed out by the Department of Agriculture, individual meat dealers if they would succeed must know more about the quality of meats, differences in grades of animals and meats, the value of cutting tests as a basis for determining prices, operating costs, and modern merchandising methods. It is owing to lack of those essentials, the Department declares, that the path of the retail meat business is strewn with failures.

A timely appraisal of the retailing situation has been made by the Department through a survey which included 1,400 stores in 20 cities and towns, and interviews with 4,466 housewives. Fifty per cent of the housewives said they would accent quality in the advertising, 25 per cent said they would stress the sanitary handling of meat, and less than one-tenth said they would use price as an advertising appeal.



Important Papers Whisked 2485 Miles a Day!



200
Messengers
could not
duplicate
this service!

IN thousands of organizations to-day Lamson pneumatic tubes are saving countless dollars. Their ability to speed the departmental interchange of papers, files and messages is changing waste motion and effort to greater efficiency, speed and economy.

Witness but one of innumerable installations—the Equitable Life Assurance Society of the United States.

A recent survey reveals that the papers whisked back and forth throughout Equitable's 20 floors of offices traveled 2,485 miles in one day. It also demonstrates saving the services of 200 messengers, as well as several

elevators. And a payroll reduction of nearly half a million dollars yearly!

Quite startling, these facts. Yet how many industrial plants and business offices could materially speed up their flow of papers and decrease their operating costs through pneumatic tubes? We'll readily agree with you—there are many.

Lamson engineers have long studied American business in relation to the expedient flow of all those necessary papers, orders and messages that form its backbone. There is a representative near you ready to study your paper handling problem. May we send him?

THE LAMSON COMPANY, SYRACUSE, NEW YORK
Offices in Principal Cities



This booklet "Wings of Business" tells of other interesting pneumatic tube installations. It is yours for the asking.

LAMSON

PNEUMATIC TUBE SYSTEMS

Speed the Departmental Interchange of Papers, Files and Messages





Independence

In the valuation of commercial properties, office buildings, apartments, stores, hotels, etc. —disinterestedness is of prime importance. Our own disinterestedness is assured by exacting standards, and by the fact that we do not buy, sell, build, operate, or finance property. We are solely appraisers.

THE AMERICAN APPRAISAL COMPANY

A NATIONAL ORGANIZATION

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Letters, Forms
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With Arlac Dry Stencils, copies resemble originals...typewritten matter is sharp and clean cut, the o's never drop out, proof-reading is easier... life is longer, economy is greater, and stylus work is accurate.

ARLAC DRY STENCIL CORPORATION
419 Fourth Avenue Pittsburgh, Pa.
Please send me—free—one Arlac Dry Stencil
for use on _____ Duplicator.

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Trade Association and Chamber of Commerce Secretaries

YOUR members will be better members if they realize what organized business is doing. Send them copies of the Nation's Business EXTRA EDITION containing a complete report of the U. S. Chamber of Commerce Annual Meeting.

10 for \$1.00
100 for \$10.00
1000 for \$100.00

Write to Extra Edition Editor

NATION'S BUSINESS
WASHINGTON, D. C.

The Map of the Nation's Business

(Continued from page 39)

net profits by 235 companies for three months of \$409,180,000, a gain of 33.6 per cent over 1928 and 42.2 per cent over 1927. Copper and steel companies led in proportion of gain while building supply and shoe and leather concerns showed smallest returns.

The returns of retail trade by department stores and chain and mail-order houses for May show rather less diversity than in some preceding months. About a year ago, leading mail-order houses began to show percentages of gains exceeding those recorded by the regular chain stores. This was attributed to the mail-order concerns establishing branches and assuming the functions of regular chains.

In May this year the chain stores reported 17.2 per cent gain, whereas the mail-order concerns reported 37.2 per cent increase. For the five months the mail-order houses indicate a percentage of gain of 30.3 per cent as against a possible gain by chain stores of 21.0 per cent. Department stores in May reported an increase of 2.4 per cent despite the fact that a majority of stores showed decreases. For four months of 1929 the gain was 3.4 per cent.

Call money rates steadier

AS REGARDS some other trade and industrial movements in May, it may be said that call money rates were rather steadier but there was little easing visible in rates demanded in business lines. New Treasury issues paid $5\frac{1}{8}$ per cent, the highest in eight years.

Still, business did not seem greatly affected outside of new flotations.

It is worth noting that the movement to get the railroads to reduce wheat rates—to encourage exports and assume some of the burden of speculators' mistakes—which started in mid-April has rather fizzled out so far as inducing a larger movement is concerned. The car loads of grain handled by the railroads from mid-April to the end of May this year have only totaled 190,000 against 200,000 cars in the same period a year ago.

April gross railway earnings gained 8.2 per cent over a year ago on an increase of 6.4 per cent in car loadings. Net railway operating income for the month gained 33.4 per cent over a year ago and was the largest for that month since 1923. For four months of 1929 gross revenue gained 5.1 per cent and net railway operating income increased 22.8 per cent over a year ago. The railroads in May seem to have earned more than 6 per cent on the valuation.



FAMOUS Reading Anthracite is sootless and smokeless, economical and dependable. The smaller sizes when used in modern domestic-type stokers give the safest, surest heat at low cost with least handling.

Investigate the possibilities of heating your home or business building with such facilities. Our engineers will aid you in solving your heating problems. Write or call our nearest office.

A. J. MALONEY
President

THE PHILADELPHIA^{AND} READING COAL^{AND} IRON COMPANY

PHILADELPHIA • NEW YORK • BOSTON • BUFFALO • DETROIT • TOLEDO • CHICAGO • MILWAUKEE
MINNEAPOLIS • ST. PAUL • ROCHESTER • BALTIMORE • WASHINGTON • READING • MONTREAL, CANADA

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When writing to THE PHILADELPHIA AND READING COAL AND IRON COMPANY please mention Nation's Business

Well Filled Tables



Will you Serve Them?

BUSY factories in Piedmont Carolinas are making payrolls that buy groceries. This section stands high in the value of its agricultural products, yet the Carolinas yearly import \$335,000,000 worth of foods and feedstuffs!

And the quality is high. One maker of bulk and packaged goods reports that his ratio of sales of the higher priced package line here runs 42% above his national average.

For four years Piedmont Carolinas has had record sales of electric ranges. Housewives here are interested in good cooking and good foods.

The opportunities for millers of flour and meal, cereal millers, meat packers, canners, preservers, creameries, ice cream makers, confectioners and other processors of foods, are unusually favorable.

Send for the facts. *Piedmont Carolinas, Where Wealth Awaits You*, is filled with figures and data. Just what you want to know. Please address Industrial Dept., Room 128, Mercantile Bldg., Charlotte, N. C.



DUKE POWER COMPANY

SOUTHERN PUBLIC UTILITIES COMPANY
AND OTHER ALLIED INTERESTS

So This Is America!

(Continued from page 27)

at Muscle Shoals. The third story which he is to add to the Assuan Dam, on the third invitation of the Egyptian Government, will increase the value of the valley of the Nile by \$180,000,000. He has devised plans to take 2,500,000 horsepower from the St. Lawrence. His \$110,000,000 dam over the Dnieper will produce 800,000 horsepower and extend the range of navigation for 800 miles.

It seems hardly fair to select only a few of the men who have made good with hands and head when there are so many of them. But for the sake of the record let it be repeated that the first motor vehicle to run successfully on the road was made in England. Then the lawmakers got in the road. The early steam wagon did not have power enough to shove them out. France took the next move and Gottlieb Daimler built the first internal combustion engine. More laws, more interference. The Hollanders did fairly well for a time. Then we got interested. A horseless carriage was so ridiculous that no lawmaker bothered it until it was too late.

Began as mechanic

THE story of the automobile is so recent that we have already forgotten it. That is what happens to new stories. But Charles W. Nash began life as a carriage trimmer at a dollar a day. W. C. Durant was once a common laborer in a mill. Roy D. Chapin was a mechanic when he was called on to drive a car from Detroit to New York. It was the longest road trip that had ever been attempted and Chapin got the job because he knew how to put the parts back in as they fell out.

Walter P. Chrysler had been a mechanic in the railroad shops at Oelwein, Iowa, and borrowed \$5,000 to buy the first automobile he had ever seen. Or that he had ever seen right up close and not while whizzing past the shop at 12 miles an hour. He did not have to borrow all of that \$5,000, either. He and his wife had \$700 in the family savings account.

R. E. Olds had saved \$300 when he was 21. He borrowed \$800 more and bought a half interest in a machine shop. John Raskob made 200 millionaires. He began as a stenographer. Then, too, there is the story of David Sarnoff to be told.

"No Alger stuff," he says. "Never mind the Work and Win series. That's out of date."

Not here it isn't. At home tonight the reader will turn on the radio. If he goes riding he will hear the radio through the opened windows. He will read, if he cares to, that the first experimenting with wireless was in Europe, but if he

carries his researches further he will discover from the Encyclopedia Britannica that "it is a cardinal principle of American life that individual enterprise should be subject to almost no governmental control" and therefore "the possibilities of radio broadcasting were grasped promptly and exploited daringly."

At 38 years of age Sarnoff is vice president and general manager of the Radio Corporation, a leading figure in one of the country's leading industries. Twenty-seven years ago he could not speak a word of English. For all that he sold papers on the street. There are times when the measure of one's achievements is not so much one's capacities as one's needs.

The Sarnoff family needed every penny he could make, for the father had become an invalid in the desperate struggle to make and save enough money to pay the family's way over from Russia.

When the boy was 15, his father died. The boy went out to hunt a full time job. Because he had sold newspapers he thought of applying in a newspaper office for a job as errand boy. Then the Commercial Cable Company had an office in the doorway of the old Herald Building on thirty-fifth street in New York. As the boy entered a man stood in that doorway looking out on Broadway. The boy asked where he could go to ask for a job with the Herald. The man laughed.

"You don't want a job with the Herald," he said. "I have a job for you right here, as messenger boy. You get a uniform and five dollars a week."

Decided to be telegrapher

FIVE dollars was not riches, even then. But it would go far toward keeping the Sarnoffs not precisely hungry and under a roof. Yet the money was not the deciding factor. The boy had glanced through the doorway and caught a glimpse of telegraphers bending over their keys. The clicking of the instruments sounded in his ears. He determined, right there, before he had even told the man in the doorway that he would leg messages for five dollars a week, that some day he would be a telegrapher. With the first two dollars he was able to save he bought a sounder.

Some time later the world listened to him when for 72 hours he sat at his desk in the Wanamaker tower and caught the grim story of the Titanic disaster. The rest of the story tells itself, except for one brief detail. He finds time to read poetry.

The case is submitted. Hands and tools and head. An unbeatable combination.

How Kansas City Discovered Its needs for 212* NEW COMMODITIES

Food Products Furniture Wood Products Hardware Textiles Machinery Cosmetics

THE industrial visitor to Kansas City of ten or even five years ago would be amazed today at the manufacturing progress in many important lines.

So fast has industry grown, in fact, that not until recent months did Kansas City *know* what it had and what it needs to balance industrial growth.

It was only after a painstaking survey had been made of manufacturing by the Industrial Department that it was possible to say with accuracy what markets existed here for which there is no local source of supply.

Now that can be done . . . *with accu-*

acy! Kansas City *knows* its needs in many lines . . . *knows* those products for which it pays hundreds of thousands of dollars, sometimes millions, to producers in other markets. Yet many of those commodities can be made profitably in Kansas City.

Perhaps you are engaged in a line of business needed here, and which today offers little or no local competition in Kansas City. "The Book of Kansas City Opportunities," available free to interested executives, tells the story. And, in addition, if you desire it, a confidential survey of the possibilities of the Kansas City market for your individual line will be made.

INDUSTRIAL COMMITTEE OF THE CHAMBER OF COMMERCE

KANSAS CITY

MISSOURI

NEAREST BY AIR TO EVERYWHERE



* Economical transportation is important. You can reach 15 million people at lower freight cost from Kansas City than from any other metropolis.



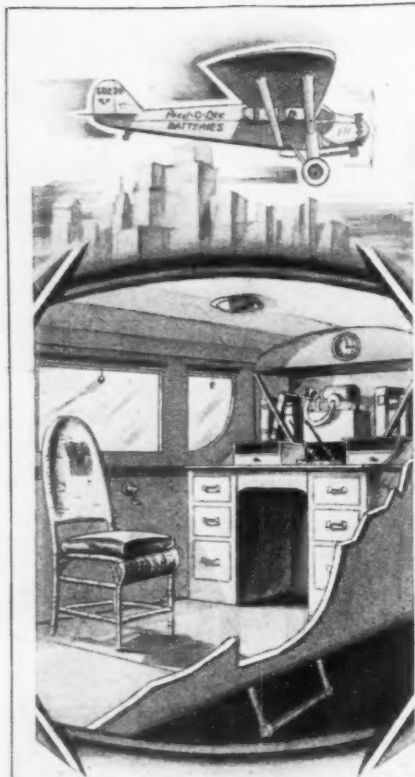
I am interested in this industry:

and I attach the coupon to my letterhead as assurance of my interest, without obligation, of course.

Name _____

Address _____

1729



The Vision of Prest-O-Lite

Congratulations to Prest-O-Lite which now adopts this new tool of modern business.

A flying office in a Ryan, a model of compact efficiency. See that cleared-for-action desk, equipped with Dictaphone, fountain pen desk set and other latest appliances. Note also the jeweled clock ticking off the seconds—a reminder that time is the essence of air travel.

Here is a Prest-O-Lite high-powered sales office with a Prest-O-Lite battery always on the job, unfailing current for Dictaphone, desk lamp, cabin and navigation lights.

The ship itself is the standard Ryan B-5 Brougham, powered by the Wright Whirlwind 300 h.p. engine. *Here is a world of surplus power, one of many reasons for Ryan's unequalled safety.*

This extra measure of safety, plus outstanding performance, made Ryan the choice of Prest-O-Lite and of many other great companies which are looking forward and skyward.

Today's Ryan is a Sister Ship of the "Spirit of St. Louis." The one pictured here is appropriately named the *Vision of Prest-O-Lite*.

Why not let us show you how a Ryan will fit into your business? Or send for new illustrated catalog. The Mahoney-Ryan Aircraft Corporation, Lambert-St. Louis Airport, Anglum, St. Louis County, Missouri.



For Six
SISTER SHIP OF THE
"SPIRIT OF ST. LOUIS"

When writing please mention Nation's Business

What's Next in Ocean Travel?

(Continued from page 34)

conclusively that the essential conditions for successful commercial aviation are nowhere more favorable than on this Atlantic route. No other traffic route joins 300 million people who own or control more than half of the wealth total of the world.

In 1914, before the war, approximately 2,750,000 passengers crossed the Atlantic. The war and restricted immigration laws materially reduced this total. In 1925 about 750,000 made the trans-Atlantic crossing and in 1926 more than a million. It is estimated that from 1,500,000 to 2,000,000 passengers will cross in 1930.

Many of these passengers are business men who can ill afford to take the time required for the present journey. Of the 104 ships engaged in trans-Atlantic passenger service, only 11 make 20 knots or better. Most of the newer ones are of moderate tonnage and speed. The average time for crossing is eight days.

Fast as travel on land

WITH the seadromes in operation, it will be possible for a business man to go from New York to Europe, transact his business and return to New York in three to four days. There are other advantages. Fast mail service between the two hemispheres would make it possible to deliver letters, bank paper and valuable merchandise from continent to continent in less than 30 hours. Paris gowns could leave the hands of the French designer and be worn in New York less than two days later.

Present plans call for two types of service. The first, the regular run, will include stops at each of the eight seadromes and the Azores, completing the trip from New York to Plymouth, England, in 34 hours and 30 minutes, and flying from Plymouth to New York in 30 hours, the time differential making the westward trip apparently the shorter.

There will also be an express service, stopping at every other seadrome and making the eastward run in 24 hours, and westward, under favorable wind conditions, in approximately 15 hours, apparent time. This means a person could leave London at the close of a business day and arrive in New York at the beginning of the next. Six daily trips each way are called for.

Sikorsky amphibian planes—two-motored for the Bermuda run and four-motored for the European run—will be used. Ten passengers can be carried on each of the Bermuda trips. The bigger planes in European service can carry 32 passengers by day and 16 in comfortable Pullman berths at night.

Under the eight seadrome system all

meals will be served on the stations. Only half hour stop-overs are planned for meals, the plane to be serviced and a new crew taken on board at the same time.

On the regular eastward passage, a passenger would take breakfast in New York, lunch on the seadrome Chanute, the second stop; dinner on either the Wright or the Maxim. Breakfast the next day would be served on the seadrome Phillips, luncheon on the Farman and the passenger could eat an early dinner in London.

On the westward express trip, a passenger would eat dinner in Plymouth and breakfast the next day in New York.

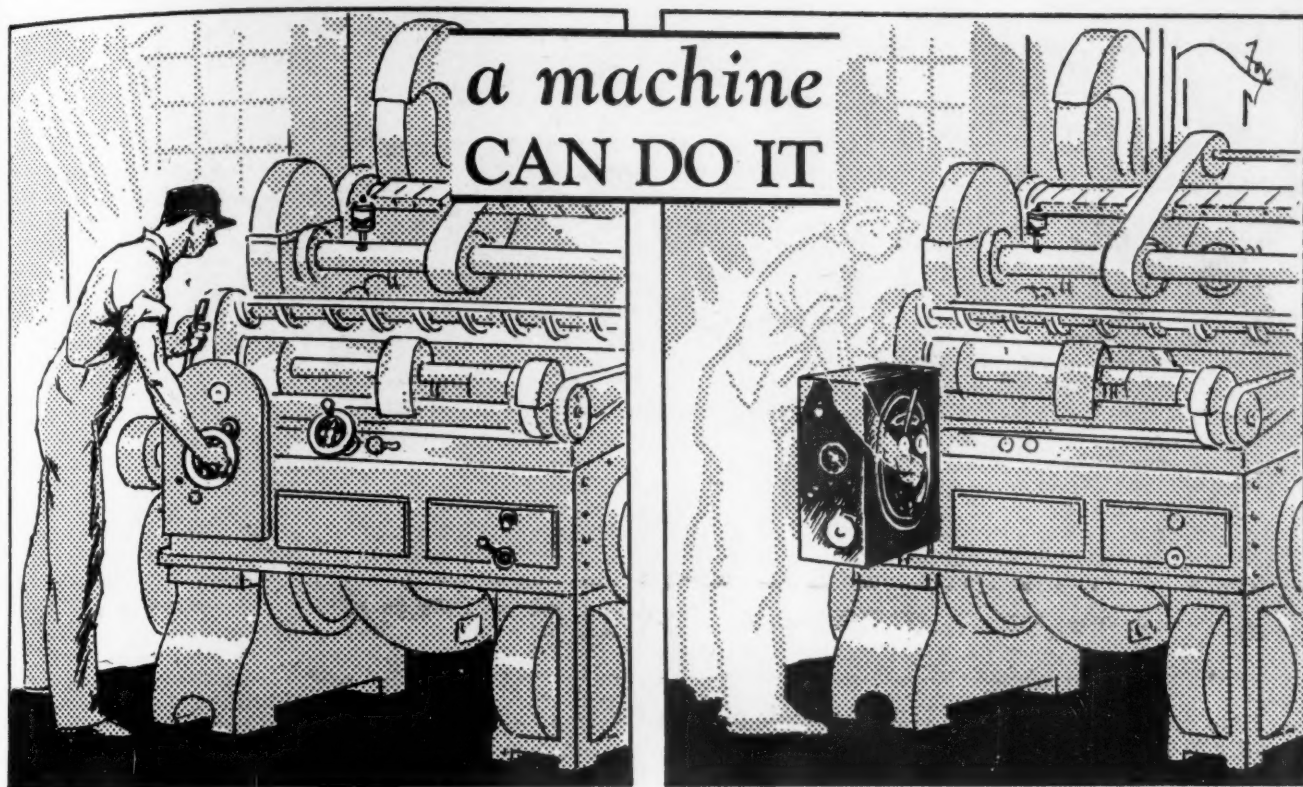
The cost of the trip will be about the same as that on the fast, first-class liners. Cold figures show that to be possible. In the first place, the so-called "big six" of the steamship world, the Majestic, Leviathan, Berengaria, Aquitania, Olympic and Mauretania, with a total of 291,500 tons, carry approximately 170,000 passengers annually. Seventy 30-passenger seaplanes operating only eight hours daily on the basis of a 36-hour trip, would carry as many passengers. The relative investment is \$5,250,000 for planes and \$100,000,000 for the ships.

The route selected for location of the dromes serves a large proportion of the civilized world. One set of stations, whether four, six or eight in number, as the traffic may require, will be ample to take care of the entire trans-Atlantic passenger, mail and express traffic with the frequency of plane arrivals and departures considerably less than train arrivals and departures in any metropolitan station. These stations will bring European markets and European financial centers within hours of this country instead of days. Good business needs such service. And what good business needs—it gets.

Coming Business Conventions

(From information available June 5)

Date	Place	Organization
July		
Week of		
1.....	New York.....	Manufacturers Aircraft Association.
1- 3.....	Buffalo.....	International Association of Clothing Designers.
4- 6.....	Asheville, N. C.....	Southern Newspaper Publishers Association.
8-10.....	Toledo.....	National Hay Association.
8-11.....	Chicago.....	Engraved Stationery Manufacturers Association.
9-12.....	Peoria, Ill.....	American Baby Chick Producers Association.
14-19.....	Mackinac Island, Mich.....	National Furniture Warehousemen's Association.
15.....	Atlanta.....	Southern Sash, Door, and Millwork Manufacturers Association.
20-24.....	Cheyenne, Wyo.....	National Editorial Association.
24-26.....	Salem, Ore.....	Pacific Northwest Real Estate Association.
29.....	New York.....	National Wall Paper Wholesalers Association.
3rd week.....	Chicago.....	American Washing Machine Manufacturers Association.



Make your *semi-automatic* machinery automatic -and cut your production costs

SPECIAL Production Machines, Inc., offers you a way to increase your percentage of profit.

Right now, in your production, you are probably wasting money that we can save for you . . . It may be by making your semi-automatic machinery completely automatic. It may be by designing an entirely new machine to perform some operation now being done by slow, costly hand labor . . . It may be by speeding some of your present machines to greater output, or by making them more accurate, to cut down your per cent of spoilage.

In one or more of these ways, Special Production Machines, Inc., has helped a number of

manufacturers in varied industries cut thousands of dollars from their production costs . . . Our work in some plants has been instrumental in putting the manufacturers far ahead of competition, beside improving the appearance of the product and raising the percentage of profit.

No matter what *your* problem may be, we believe we can help you on the road to better profits through better production.

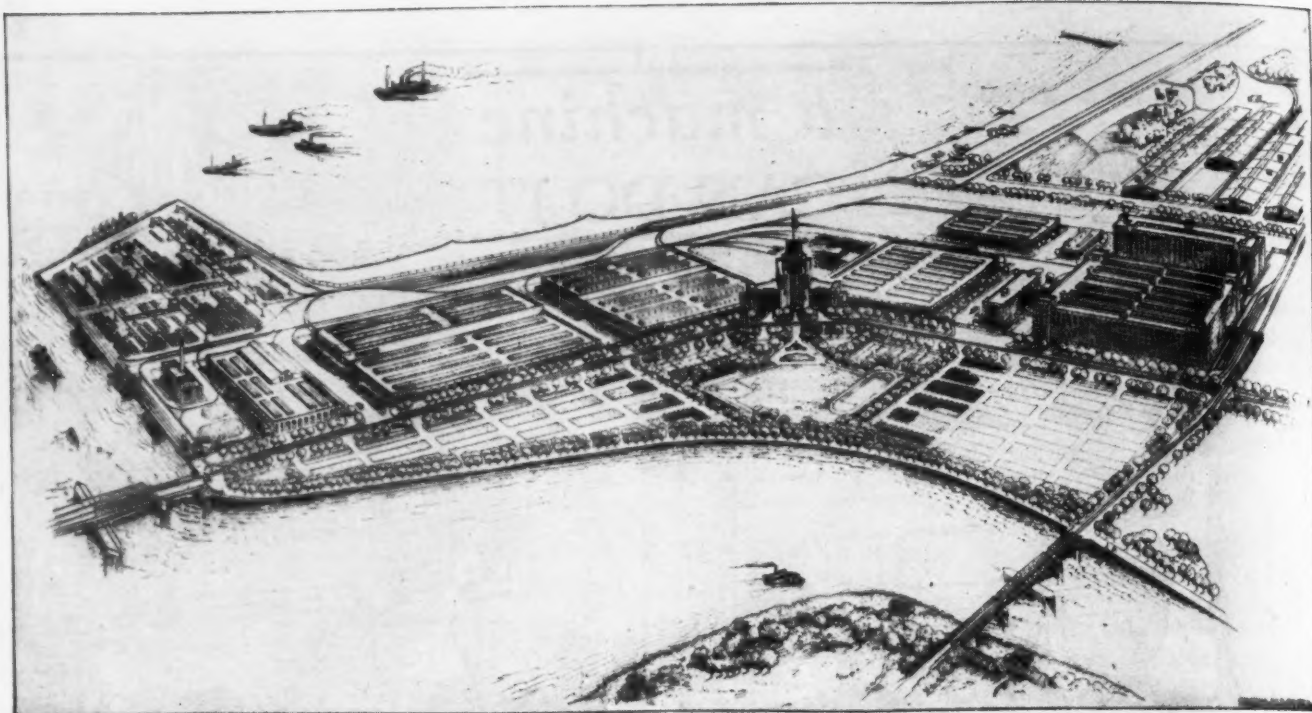
A booklet describing the services of Special Production Machines, how it operates, and how it is serving manufacturers, will be sent on request. Special Production Machines, Inc., Norfolk Downs, Mass.

Special PRODUCTION MACHINES

A Division of PNEUMATIC SCALE CORPORATION, LIMITED

For over thirty-five years Pneumatic Scale Corporation, Limited, has manufactured automatic labor-saving machinery for many of the world's largest producers of merchandise.

When writing to SPECIAL PRODUCTION MACHINES, INC. please mention Nation's Business



The \$22,500,000 Western Electric plant at Baltimore as it will appear when completed

How a City Won an Industry

Cooperation nets Baltimore the new Western Electric plant

By P. L. THOMSON

Director of Public Relations, Western Electric Company

A SMALL investment in civic cooperation will, within 15 years, begin to pay Baltimore business \$48,000,000 annually.

That figure represents the annual payroll of the new \$22,500,000 plant the Western Electric Company will build there, opening the first unit by the end of this year. The plant will employ 30,000 persons who, with their families, will increase the city's population some 75,000.

To this figure must be added another 75,000 accessory population of whom 35,000 will be gainfully employed catering to the families of the Western Electric group and to the needs of each other.

Thus a city of 830,000 adds 150,000 to its population and \$48,000,000 to its potential buying power by practical use of a tool that many regard as useful only in the dreams of idealists and the oratory of patriots.

Forty other cities had a chance at that \$48,000,000. Some of them offered desirable factory sites and an exciting

environment of petty political squabbles, selfish private enterprise or municipal experiments. These did not appeal to the Western Electric as municipal selling arguments.

Cooperation conquers all

BALTIMORE had, in the beginning, little to offer but cooperation. There was no satisfactory site. Cooperation provided one. The site finally selected did not have suitable utility service, streets, or transportation facilities. Cooperation adjusted these difficulties.

It may be seen from this that cooperation is an effective tool when properly used. The story of Western Electric's factory shows how it works in hands that are willing to take it up—and, equally important, how futile it may be if allowed to rust.

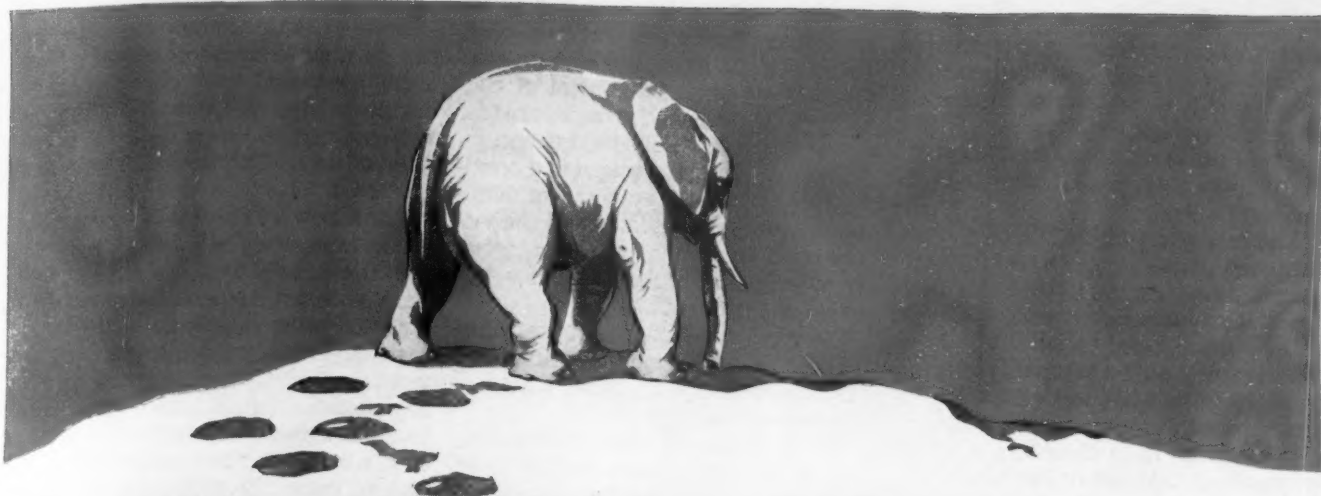
Six months ago Western Electric decided that, in five years, its business would outgrow its Hawthorne Works at Chicago and its eastern factory at Kearny, N. J., even if the greatest possible additions were made to those plants.

There was evident need for a new factory, preferably on the Atlantic seaboard, equipped at the start to manufacture long distance communication apparatus and capable of expansion.

Engineers from the company's construction department were assigned to examine available sites. The company wanted at least 50 acres of ground, well located as to transportation facilities, both water and rail; proximity to an adequate labor market of high grade personnel; fair taxes, adequate power at reasonable rates and governing authorities with a favorable attitude toward industry.

The company's representatives went first to the principal railroads serving the Atlantic seaboard and for the most part found these roads in a position to assist. Some were better equipped than others, and from one great trunk line in particular the Western Electric people obtained the most valuable cooperation.

The industrial bureau of this road had complete information on available sites along its own and tributary lines including not only prices of real estate but



A Big White Elephant Is Going Out of Business

Goose quills, box files and water presses all had their day—and now the adhesive postage stamp—the biggest white elephant of all—is on the trail to obsolescence.

Modern business demands speed and accuracy.

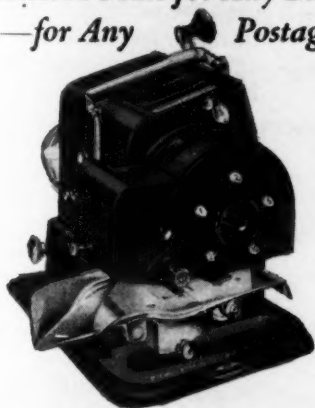
Communication can no longer be saddled with the delay and insecurity of gummed paper postage—attached and cancelled on millions of letters during the closing hours of each busy day.

Metered Mail, authorized by the Government, provides a speedier and safer mail service. It permits responsible mailers to print and meter their own postage.

Metered Mail catches the first train, plane or boat — no delay for stamp sticking, or for facing, cancelling and post-marking in the Post Office. No worry that the postage may fall off. No possibility of theft or leakage in your postage account.

Soon, all business mail will be Metered Mail. The postage stamp is going out of business.

*Now Metered Mail for Any Business
—for Any Postage*



The New Model H—Prints Any Postage

Price \$75.00

Government Licensed Meter furnished
under service contract.

METERED MAIL

**the method that
made stamps obsolete**

THE POSTAGE METER COMPANY

Sole Distributors of

PITNEY-BOWES MAILING EQUIPMENT

Single Denomination Indicia
A billion and a half letters mailed
by business leaders of America
carried this symbol of progress
last year.



New Multi-Denomination Indicia
—Now extends privilege of print-
ing postage, to any responsible
concern regardless of the size or
variety of its mail.

MAIN OFFICE: 831 PACIFIC STREET, STAMFORD, CONN.—OFFICES IN 21 CITIES

3113

When writing to THE POSTAGE METER COMPANY please mention Nation's Business

pertinent data as to wage scales and labor conditions. In fact, in this particular case, the manufacturer's representatives found a better over-all picture of the industrial plant situation in the minds of the heads of this road's industrial bureau than in any other contact they established.

The experience of the Western Electric investigators brought to light a great diversity among cities as to their set-up for obtaining new industries. Some were entirely unequipped to bid for new establishments—and a prospect must depend solely on what real estate people are prepared to show.

Other cities have chambers of commerce which are more or less moribund, and there is no crystallized sentiment to make the town grow through cooperation by its present residents. In other cities the business interests are organized but their efforts for the community's betterment are hampered by the selfish aims of politicians. Thus elected city officials are sometimes found to be jealous of the influence of these non-partisan bodies whose activities they cannot control. As a result there is no coordination between the official and the voluntary representatives of the community in the direction of attracting new industry.

Bogeys of industry

THE Western Electric men in their visits did not disclose the identity of the company they represented. Where there was a chamber of commerce they ordinarily made it their initial point of approach. Sometimes in the absence of a civic organization, or its apparent inability to function, they went to city officials, and in other cases they worked direct with real estate people.

In one of the smaller cities visited it developed that the leading factor in the chamber of commerce was a former real estate man, and, it was afterwards disclosed, he showed only properties in which he had a personal interest. In another city, where the officials of the chamber had been conspicuous in their public utterances with regard to the attraction of new lines of business, it developed that the prices they placed on property which they themselves controlled were altogether prohibitive.

In one of the smaller cities the control of most of the property with railroad frontage, it developed, was in the hands of one man. He bought it years ago at farm land value, and now through an arbitrary schedule of prices, he is actually throttling the development of

the community. In another city in the same state a similar autocrat long ruled, but some years ago a new and progressive element obtained control of considerable property and is responsible for a diversified industrial development.

This new group is engaged in a political struggle with the autocrat for domination of the city's affairs, and the visitors soon found that every potential industry had to declare itself for one faction or the other.

The Western Electric men passed up this city, as they found other firms had previously passed it up, rather than face such a situation.

One of the smaller cities visited had, from preliminary studies, looked to be a Class A location, but the representative of the chamber of commerce discouraged the visitors because he said there was no land available in the city

obviously not an attractive place for private capital. Another city presented the peculiar situation of a local government controlled by a clique of manufacturers who, as a matter of principle, are opposing all new industries because they do not want the local wage level increased.

Local power rates are of course a factor in interesting new industry. One of the cities visited disclosed a power company with a long-term franchise and a scale of rates substantially above the market. This situation, coupled with an unwillingness to work with the city on any modification, is acting as an effective bar against new business. Another city, where other advantages appealed, had a curiously archaic schedule of power rates in which the smallest user paid the minimum rate for current and the scale increased in proportion to the

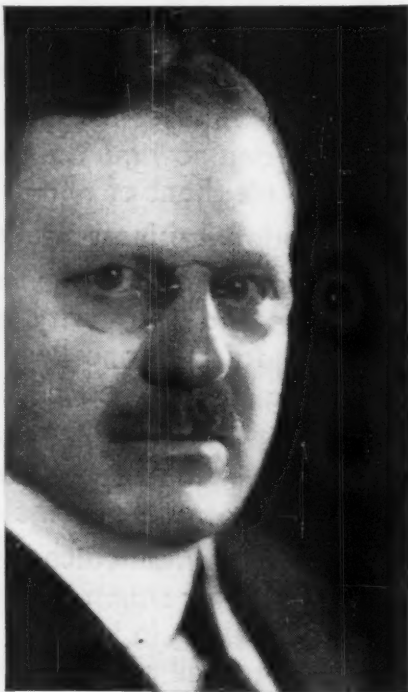
volume consumed—apparently the result of an old ordinance obtained by popular vote as a concession to the small user of electric light, but placing a prohibitive burden upon industry.

Any of these conditions might have yielded to cooperation. In fact Baltimore, using cooperation as its only tool, attacked obstacles far more insurmountable. Baltimore apparently realized that it is in competition with the world and is organized to make its advantages apparent or, if advantages are lacking, to supply them.

The Western Electric representatives went first to the Baltimore Chamber of Commerce. At its head they found an able business man keenly alive to the competitive nature of the situation and ready to go to bat for the town. His ally was Mayor Broening, who recognizing that the best interests of business and the people are mutual, proved ready to use his influence to carry through a civic undertaking that would make Baltimore a better place in which to do business for workmen and corporations alike.

In Baltimore an offshoot of the Chamber of Commerce is known as the Industrial Bureau, operating under an advisory board made up of the president of the Chamber of Commerce, the mayor, a prominent railroad executive and a banker.

H. Findlay French, director of the Industrial Bureau, is eager to bring to Baltimore new industries. He has listed all available real estate; full information on labor rates, transportation facilities and rates for light and power, and gas rates. Through close contact with Baltimore manufacturers, he is conversant with labor and other industrial conditions that affect their oper-



EDGAR S. BLOOM, N. Y.

"IT WAS only through the unselfish and effective cooperation of a large number of public-spirited city officials and private citizens," said Edgar S. Bloom, president of Western Electric, "that the transactions were finally consummated on a satisfactory basis"

and the people of that community would not walk four blocks beyond the end of the trolley line to go to work. It did not occur to him that the trolley line might be extended.

Another city with many natural advantages had a socialist mayor and a council of the same political faith endeavoring to socialize industry. It was

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WHEN Reading 5-Point Pipe is put into your walls, it stays there — until you tear down the building! And even then, Reading 5-Point Pipe may still be sound enough to be taken out and used elsewhere!

This is the great advantage of Reading 5-Point Pipe — that very, very rarely are repairs or replacements needed *during the entire life of a structure.* Such remarkable economy comes from the puddling process — the forcible working together of pure iron and rust-defying slag inside the furnace. All Reading 5-Point Pipe is Genuine Puddled Wrought Iron — for lasting satisfaction, be sure that you get it.

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Your Hours PAY BIGGER Dividends by Air

BE it in time saved for business, or in time gained for pleasure. For flying has reduced days to hours—translated miles into moments—multiplied contacts for the executive—expanded the salesman's range—brought distant buyers into personal touch and quickened the cadence of commerce.

For you who question flying as practical—COMMAND-AIRE will banish doubt. Indeed not mere assertion but sound assurance founded upon eminent engineering*—assurance justified by amazing stability† in the air, giving you relaxed confidence your first time up—assurance underwritten by the splendid performance of COMMAND-AIRES now in service.

Wherever transportation plays a part in your daily affairs, COMMAND-AIRE brings you bigger dividends:—In more dollars from your effort—in putting infinitely more time at your disposal—in the sheer zest of air travel—in pride of possession in a smart, powerful, able ship.

Let us help you collect these dividends to be clipped from the boundless horizon. You can own a COMMAND-AIRE from \$3,350 to \$6,325—factory, powered by aviation's finest motors. Write for complete information and let us arrange an early demonstration through our nearest distributor.

COMMAND-AIRE, Inc., Little Rock, Arkansas

*COMMAND-AIRE'S Chief Engineer, Albert Volmecke, came direct to us from 12 years with Heinkel of Germany, one of Europe's largest and most successful builders of air transport. COMMAND-AIRE engineering embraces exclusive superior features found in no other plane.

†COMMAND-AIRE test pilots leave the cockpit and ride the fuselage "bare-back" while the plane flies on under perfect self-control. This is in no sense a stunt but an everyday demonstration of COMMAND-AIRE'S trustworthy stability.



COMMAND-AIRE

When writing please mention Nation's Business

ations. The Industrial Bureau also has all the pertinent information on other cities. Its method is to give the facts at its disposal and then endeavor to get a line on the manufacturer's problems that it may advise what property in Baltimore is best available, and, if none is available, to what other city the manufacturer could best go.

Even this effective organization might have failed in this instance but for the cooperation willingly given by varied groups of persons.

Not all easy going

A SURVEY disclosed no site of sufficient size for the Western Electric's purpose. A plan was finally worked out to consolidate two pieces of property owned by different interests. But this property was not adequately served by highways or other public improvements. A double track railway line passed through it where it would be necessary to construct buildings. Much of the property was under lease for various purposes.

Furthermore the railroad which owned a part of it had arranged to sell to the Consolidated Gas and Electric Company as a site for a power plant. The land on deep water could not be made of sufficient area to handle shipping adequately unless the War Department would permit construction of a bulkhead beyond the approved bulkhead lines, and, in addition, the city could not build the required highway into the property without the War Department's permission to build a bridge or causeway across an arm of Colgate creek.

Here was a rather staggering array of presumably conflicting elements. The Chamber of Commerce and Mayor Broening went to work on them. They found an unselfish willingness to cooperate. Private citizens affected pulled together for the good of the city. Permission was obtained to build highways and bridges. The municipality gave assurance these streets and bridges would be built, utilities extended and other civic improvements carried out. The railroad agreed to reroute its tracks. Everybody cooperated and everybody will benefit.

When the plant's capacity is reached, the annual sales value of its output will be more than \$125,000,000. Its employees will have \$48,000,000 to spend in Baltimore, and a large accessory population will obtain work and wages through ministering to these people. The distribution of this accessory population may be interesting. Statisticians of Western Electric compiled them for use at a dinner of the Baltimore Chamber of Commerce after the site transaction was completed. From averages derived from occupations in Baltimore as given in the 1920 census, it is estimated that, in addition to those it hires, the plant will provide useful work for this group:

Six thousand butchers, bakers, grocers and other retail dealers and sales

people; 9,000 domestic and personal servants, including barbers, bootblacks, and rooming house keepers; 1,500 public utilities employees, including 500 street railway workers; 1,370 civic service employees, including firemen and policemen; 4,000 tailors, dressmakers, milliners and similar workers; 870 doctors, dentists, lawyers and clergy; 850 teachers; 500 auto service employees; and 350 plumbers, steam-fitters and other pipe-workers.

In his remarks at this dinner, Edgar S. Bloom, president of Western Electric, paid tribute to the spirit in which his company's representatives were met by Baltimore's municipal and civic organizations. He said in part, "there were 15 or 20 separate problems that had to be worked out, and you will appreciate that these various conditions and many others made it extremely difficult to work out a satisfactory arrangement for the purchase and use of this particular tract, and it was only through the unselfish and effective cooperation of a large number of public-spirited city officials and private citizens that the transactions were finally consummated on a satisfactory basis."

Cooperation, it would seem, is worthy a place in the municipal scheme.

Whims That Destroy

PREJUDICES that affect women's buying habits may be regarded as whims, but they are whims of iron, as many, many industries have learned to their cost. Fresh evidence on this point is provided by J. H. Estill, commercial manager of the Port of London Authority. Before small hats became fashionable, he says, \$15,000,000 worth of ostrich feathers passed through the P. L. A. warehouse every year, but the demand has now almost ceased.

A London merchant points out that the weaving trade has been hard hit by the widespread popularity of knitted frocks. And blouse manufacturers are likely to see little good in the vogue of knitted sweaters.

Balance sheets can offer no great cheer to comb makers and hairpin manufacturers so long as short hair is the style. Fashion magazines reveal that buttons do not play so large a part in women's garments, and this loss of favor is food for another industry's thought. Even grandmothers, it seems, have young ideas, for the once popular elastic-side shoe is yielding to the smart strap sandal.

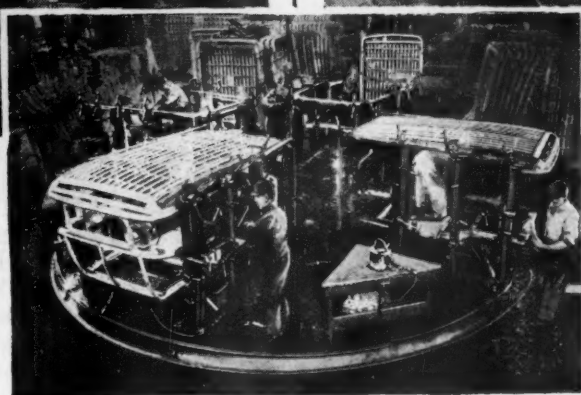
Meanwhile, the trades that cater to men have small worries compared to the troubles that vex the makers of women's wear. True, a coat lapel may be widened, trousers may be narrowed, but the conservative sex is fated to get only a vicarious thrill from the fickleness of fashion.



(Above) Scene at one of the great oil fields at Culver City, Cal. These giant derricks, dotting the landscape like grotesque monuments, are the familiar symbols of oil production. They are constructed of wood.



(Above) The De Wilt railroad yards, just east of Syracuse, N. Y., one of the largest in the country. Freight and refrigerator cars, built of wood, annually transport billions of tons of the nation's food and goods.



(Left) Constructing an automobile body in the Fisher plant at Detroit, Mich. Every year, huge quantities of hardwood undergo careful seasoning before manufacture into hundreds of thousands of car bodies.

In every major industry lumber plays a dominant part

*And now America's finest
lumber is obtainable grade-
marked and trade-marked
—guaranteed*

EVERY year, into the great industries, go huge quantities of lumber. The vast web of American railroading, for instance, is utterly dependent upon wood . . . for railroad ties, bridges, telegraph poles, buildings, freight cars, refrigerator cars.

To the automotive industry go other immense quantities for staunch automobile bodies and rugged shipping cases.

Oil, aviation, construction, mining, farming, shipping . . . it is amazing the part that lumber plays in America's colossal industrial structure.

In an endless list of industrial activities lumber is vital. In 60 industries it is the chief material used.

The advantages of using lumber are manifold. It is so readily available, adaptable, reliable. And economical . . .

by far the most economical of all building and construction materials.

The Lumber Industry has just taken a great forward step. "American Standard Lumber from America's Best Mills" is now obtainable grade-marked, trade-marked, and guaranteed.

Know the lumber you use

If you want ready assurance of standard quality—look for the mark of the expert grader on each board.

When the "Tree-Mark," shown below,



How the grade- and trade-marks on each board plainly indicate quality. The "Tree-Mark" signifies the guarantee of the National Association that the grade-mark is correct.

is stamped on the board, it signifies the guarantee of the National Lumber Manufacturers Association that the lumber is correctly grade-marked.

Guaranteed "Tree-Mark" lumber can now be had in every species. Inquire of your dealer. If he cannot supply you, send us his name and address.

Remember that there is an abundant supply of lumber, relatively low in cost and of better quality than ever.

The Lumber Industry is also becoming a great forest-growing industry. Its raw material—timber—is perpetually renewable. Liberal use of wood is the foundation of commercial forestry.

Write for interesting free booklets: "Taking the Mystery Out of Lumber Buying," and "Choosing the Industrial Building."

**NATIONAL LUMBER
MANUFACTURERS ASSOCIATION**
Dept. 255, Transportation Building
Washington, D. C.

Offices in New York • Boston • Pittsburgh • Indianapolis
Chicago • Minneapolis • Kansas City • Memphis
New Orleans • San Francisco

THESE 18 great associations affiliated with the National Association maintain particular information and service organizations that coordinate with the general services of the National staff.

†California Redwood Association, San Francisco, Calif.—Redwood
*California White & Sugar Pine Manufacturers Association, San Francisco, Calif.—California Pines, White Fir
Hardwood Manufacturers Institute, Memphis, Tenn.—Oak, Gum, Southern and Appalachian Hardwoods—Tennessee Aromatic Red Cedar.
*North Carolina Pine Association, Norfolk, Va.—North Carolina Pine

*Northern Hemlock & Hardwood Manufacturers Association, Oshkosh, Wis.—Hemlock, Maple, Birch and Northern Hardwoods
*Northern Pine Manufacturers Association, Minneapolis, Minn.—White Pine, Norway Pine
*Southern Cypress Manufacturers Association, Jacksonville, Fla.—Cypress and Tupelo
*Southern Pine Association, New Orleans, La.—Long Leaf and Short Leaf Southern Yellow Pine
*West Coast Lumbermen's Association, Seattle, Wash.—Douglas Fir, Sitka Spruce, West Coast Hemlock, Western Red Cedar

*Grade- and trade-marked lumber available in these species



Look for the "Tree-Mark"

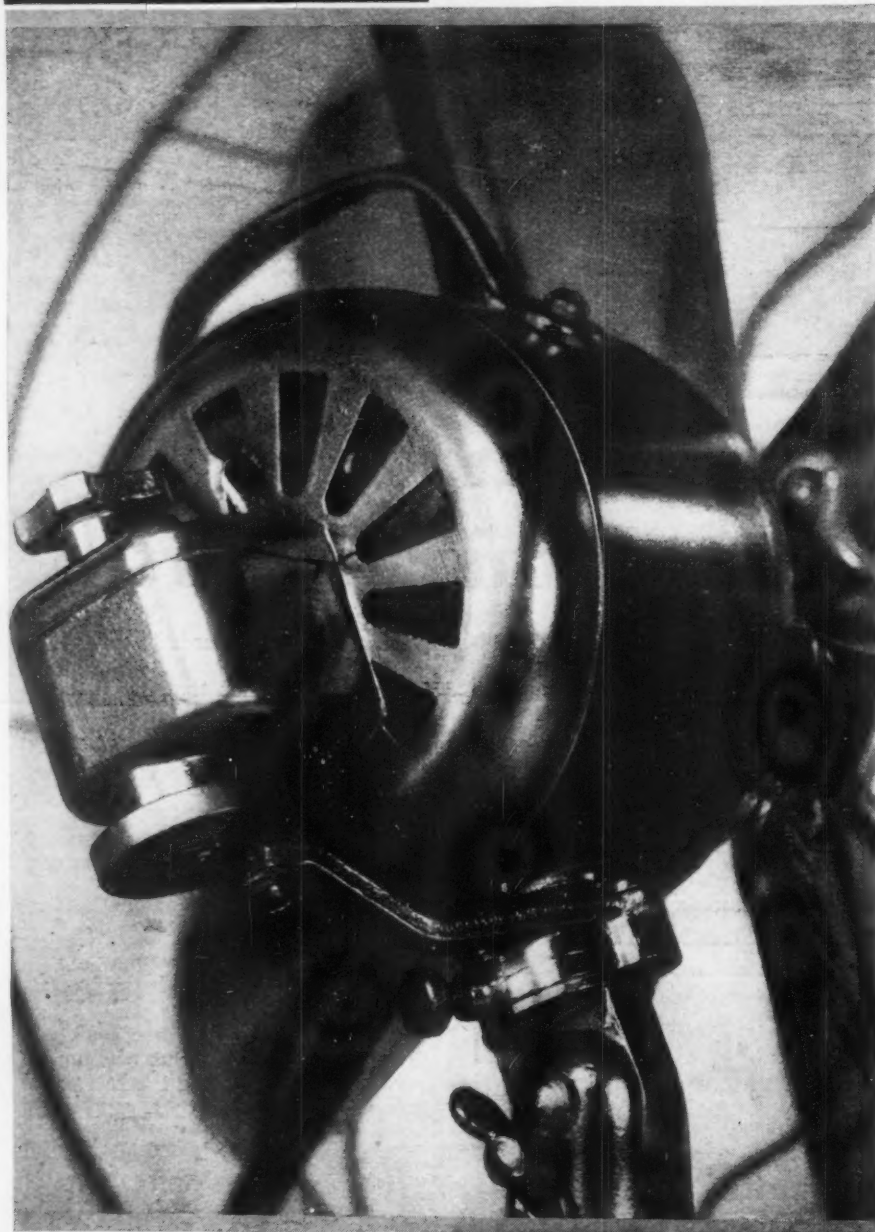
†Trade-marked lumber available in these species

†Western Pine Manufacturers Association, Portland, Ore.—Pondosa Pine, Idaho White Pine, Larch
National American Wholesale Lumber Association, New York, N. Y.
National Association of Wooden Box Manufacturers, Chicago, Ill.
*Maple Flooring Manufacturers Association, Chicago, Ill.
British Columbia Lumber and Shingle Manufacturers, Ltd., Vancouver, B. C.
British Columbia Loggers Association, Vancouver, B. C.
Hickory Golf Shaft Manufacturers Association, Memphis, Tenn.
American Wood Preservers' Assn., Chicago, Ill.
*Oak Flooring Manufacturers Association of the United States, Chicago, Ill.

When writing to NATIONAL LUMBER MANUFACTURERS ASSOCIATION please mention Nation's Business

For Better Work Provide Wagner Fans

Compare your own work on a sultry, stuffy day with the way you accomplish things when the air is crisp and bracing. Every man and woman in your organization can turn out more and better work in hot weather if the cool breeze from a Wagner Fan pushes the enervating heat away... and don't forget your family... one fan in a home is seldom enough.



Your Wagner Fan dealers can show you how to use Wagner Fans to greatest advantage in office or factory and home.

Literature on Request

**WAGNER ELECTRIC
CORPORATION**

6400 Plymouth Avenue, St. Louis, U. S. A.

*Wagner Sales Offices and Service
Stations in 25 Principal Cities*

Products: FANS... Desk... Wall... Ceiling
TRANSFORMERS... Power... Distribution... Instrument
MOTORS... Single-phase... Polyphase... Direct Current

Wagner
... *quality*

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61-7531-10

The Battle of the Booksellers

(Continued from page 31)

comedian consented. The book sold 75,000 copies. Today any publisher would take anything Rogers cared to write and he could come pretty near naming his own terms.

The Viking Press, headed by two young men still in their twenties, claims the record of having published the fastest selling book that has ever appeared in the bookstores. This was a "freak" volume, entitled "Ask Me Another," and containing a list of questions designed to test the knowledge and memory of the reader.

The guessing game developed into a craze, and at its peak the young men sold 100,000 copies in a single month, with the total sales reaching double that amount. More substantial volumes followed this flurry and recently the firm had another best-seller in "The Case of Sergeant Grischa," a translation from the German, which according to last reports had gone well over the 100,000 mark.

Horace Liveright is another member of the younger group who has had conspicuous success with a number of best-sellers in recent years. Half a dozen other firms have entered the field since 1923, notably Coward-McCann, Inc., John Day & Co., Minton Balch and Company, William Morrow and Company and W. W. Norton and Company, all of whom have contributed in their own way to the book publishing business, but their methods have been more conservative and their successes of a less sensational nature than some of the companies mentioned above.

New methods of distribution

NOT all the newcomers in the book-selling business set themselves up in direct competition with the publishers. Another group turned their attention to the mail-order field and achieved immediate success by creating a method of book distribution radically different from anything attempted before in this country.

They discovered that a tremendous volume of mass distribution could be obtained each month by the simple expedient of selecting a certain book from the lists of the various publishers and focussing public attention upon it as an outstanding volume published during that period.

This was the origin of the book club plan about which there has been so much discussion.

The original book club was founded three years ago by Robert K. Haas, whose only bookselling experience had been as owner for a short time of the

B LAW-KNOX BUILDINGS ARE DIFFERENT



FUNDAMENTAL DIFFERENCES THAT SHOULD INTEREST BUYERS OF STEEL BUILDINGS

Check these requirements which are fully met in Blaw-Knox Standard Steel Buildings.

PREDESIGNED—easily erected by unskilled labor.

EASILY HEATED—lock joint construction allows for contraction and expansion—weathertight.

FIRESAFE—entire structure, walls, roofs, doors and sash of metal—Low insurance rates.

PERMANENT—every part of a Blaw-Knox Building designed for ultimate strength—roofs insured for 10 years—all parts highly resistant to corrosion.

PORTABLE AND EXTENSIBLE—Blaw-Knox Buildings may be dismantled and re-erected in new locations without loss or be modified or enlarged by adding new standard parts.

MAINTENANCE COSTS NEGLIGIBLE—copper-alloyed, galvanized parts keep deterioration at minimum—resale values high.



A group of metal buildings may look very much alike when viewed superficially—actually there's as much difference as between chalk and cheese—appearances are deceptive.

Ordinary metal buildings put up hit or miss, engineered in the field, must of necessity have many faults which do not appear until they are in actual use.

Blaw-Knox BUILDINGS must not be confused with buildings of this type, *because they are different.*

Blaw-Knox STANDARD STEEL BUILDINGS in an infinite variety of sizes and shapes are constructed from pre-designed parts of copper-alloyed, galvanized steel and are designed to meet any possible objection to metal buildings.

Check at the left and prove for yourself that Blaw-Knox STANDARD STEEL BUILDINGS have decided advantages over other forms of single story industrial building construction.

BLAW-KNOX COMPANY
632 Farmers Bank Bldg., Pittsburgh, Pa.

New York, 342 Madison Ave.
Boston, 605 Statler Bldg.
Chicago, Peoples Gas Bldg.
Cleveland, 526 Union Bldg.
Detroit, Lincoln Bldg.

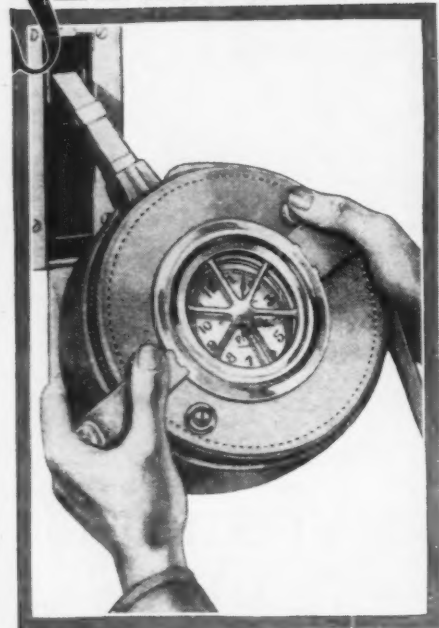
Birmingham, Brown-Marx Bldg.
Buffalo, Genesee Bldg.
Baltimore, Bayard & Warner Streets.
San Francisco, 1007 Financial Center Bldg.
Philadelphia, 906 Widener Bldg.

BLAW-KNOX BUILDINGS

◆◆◆◆◆ LOWEST COST PER YEAR ◆◆◆◆◆

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STANDARDIZED



for Business Changes

For the Big Business with its frequent changes, for the Small Business that is growing fast, the Detex Patrol Watchclock System offers property protection that is certain, adaptable, economical and approved.

The entire recording mechanism is in the station—the Patrol Clock is the record carrier. So stations may be added as needed—watchmen's routes may be changed as desired—new stations may be placed anywhere along the line—they may be moved as convenient—any number of stations can be used with one clock—any number of watchmen may record at the same station.

We will gladly furnish any business executive with complete information on this important element of property protection and its effect upon insurance rates.

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Manufacturing

NEWMAN, ALERT, PATROL
ECO WATCHMAN'S CLOCKS

Approved by Underwriters' Laboratories, Inc., and
Factory Mutuals Laboratory

DETEX

Representatives in all large cities in America and Abroad

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Little Leather Library, and Harry Scherman of the advertising firm of Sackheim & Scherman.

Haas was casting about for something to succeed the Library venture when he came upon Scherman who was struggling to adapt to American tastes an idea of book distribution that had been successful for years in some of the European countries. The meeting resulted in the establishment of the Book-of-the-Month Club.

The Club started with only a few hundred subscribers but by the end of the first year the membership was 40,000. Today the organization has 90,000 subscribers and distributes between 800,000 and a million books a year at an average price of \$2.50 a volume. The plan has many imitators and there are now book clubs and literary leagues for almost every form of literature from the classics to detective stories and books for children.

Before the book clubs came into being practically the only outlet for the publisher, as far as the general class of literature is concerned, was the retailer and the jobber. Retailers in the principal distributing centers were sold direct. The rest of the trade was handled by several large jobbing houses in New York and Chicago.

The book clubs mail their volumes each month direct to the subscriber, who is billed at the same price at which the book is sold in the retail store. The large volume of business transacted in this way is taken directly from the established channels of distribution, and the retail book merchant sees himself threatened with a loss of an important share of his normal business.

The book clubs contend that the nation-wide publicity given to their operations has stimulated an interest in literature generally, and has increased the bookstore sales on selected volumes, but the retailers, looking at their ledgers, have remained unconvinced and have used every possible means to combat the encroachment of these mail-order houses.

Booksellers fight book clubs

THE CRISIS became so acute at one time that the retailers refused to handle the products of publishers who dealt with one of the book clubs advertising their volumes at a lower price than that set by the bookstore.

Last year the American Booksellers Association, in an attempt to offset the business flowing through these channels, organized its own "Bookselection" committee. An ambitious program was launched and several volumes were presented for public approval, but after a few months the experiment was discontinued.

Despite all this opposition the book clubs continued to flourish. They provided a convenient means for the busy

person to keep in touch with the significant books published from time to time, and assured the subscriber a certain amount of reading material in the course of the year.

Most of the publishing houses welcomed the plan as an aid to mass production, but a minority deplored the tendency to accentuate the superiority of certain books to the detriment of others and also felt that the antagonism engendered in the retail trade by the existence of these clubs would have an adverse effect on the business generally.

The most outspoken opponent of the plan has been John Macrae, president of E. P. Dutton & Co., a firm with a record of 77 years of active publishing behind it. In a pamphlet mailed to 13,000 booksellers, editors and librarians throughout the country Macrae said:

Standardizes thinking

"I HAVE personally been opposed from the beginning to the idea of a Book-of-the-Month Club, solely on the ground that such an organization would eventually commercialize and standardize our reading as a nation. Up to this time literature has been one of the avenues of our national life which has remained independent, and it seems to me to be of great importance that it should remain independent and free from mass action.

"If we are to be a free and independent people we must do our own thinking. If our reading is to be prescribed for us by a few men whose object seems to be to increase the number of subscribers to their book clubs, then our independence of thought and feeling must inevitably roll along into the well known American Machine.

"The publishers of this country throughout their history have been noted for their independence and courage. As a body we have sought as best we could to give the American people the best in literature which the genius of the time has been able to produce. As a publisher I am concerned as to whether or not the future will still give us the right of free choice."

Regarding the effect upon the retail bookseller, John Macrae raised several questions.

"Is it not a fact," he asked, "that the direct method used by these book clubs is taking the sale of current books out of the booksellers' shop and passing them on to these large mail-order organizations? Is it not a question of national importance if the booksellers of the country are losing this business, for are they not our only national means of distributing books?"

The aftermath of this controversy was an announcement from the Dutton Company that hereafter none of their books would be submitted to any of the book clubs. Since most of the

Intensive Cultivation

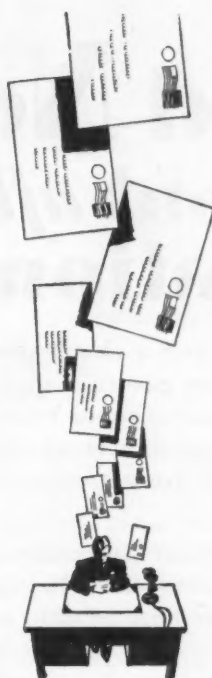
MEANS EXTENSIVE SALES

An editorial by
W. C. Dunlap, Vice-President
in charge of sales
The American Multigraph
Sales Co.

Reducing the list of prospects to increase net income doesn't appear to make sense . . . but it does make sense (and dollars and cents) in today's keenly competitive business arena.

The key to this modern paradox of profit is an economic fact: Certain classes of customers cost more than they are worth; the effort required to sell them outweighs the return. Volume may wax bulky while profit wanes to a shadow.

Finding the profitable markets and cultivating them intensively is the 1929 method of merchandising. Selective selling, as we have observed its application to our own marketing problems, has yielded four major advantages: (1) It has increased total sales volume; (2) It



*Do you know
Your Market?*

has brought about a decided increase in net profits; (3) It has enabled our salesmen to earn more individually; (4) It has improved our collections. In addition to this we have found that those prospects in the best position to use our product and pay for it promptly are also the most satisfied customers after they purchase.

Since we adopted the policy of concentrating our attention on preferred prospects we have found that we often sell more large orders in a month than we formerly sold in an entire year . . . and these are the orders which we can sell with best advantage to ourselves and the customer.

Our program of selective selling has been founded upon careful study of our markets. It has

been strengthened by the development of new Multigraph equipment which facilitates concentration on selected groups of prospective customers.

I shall be glad to discuss our experience with selective selling in further detail with executives who may be interested. Please address your letter to W. C. Dunlap, 1806 East 40th Street, Cleveland, Ohio.

There's a new

MULTIGRAPH

for today's new selling conditions

**KEEP VITAL
RECORDS
IN A
REAL SAFE**

A. Wilson &
WHOLESALE DEALERS IN
2711 MADISON ST. BIRMINGHAM

W. A. Ferrell & Sons Co.

PAY TO THE
ORDER OF

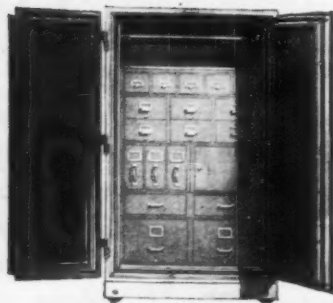
THE SUM OF \$240 AND 30 CTS
TO THE FIRST NATIONAL BANK
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Protected Now ...what about *after* Cancellation?

When an invoice comes in and a check goes out in payment, strict regulations govern the amount and the protection. Care is taken to verify the amount against goods or services received, and the check is fully protected from tampering by up-to-date equipment.

What about after cancellation? Are your checks as carefully protected after as before? They should be, for mistakes often occur and *in case of fire* experience proves that many fully paid accounts are again presented for payment. Your only recourse then is to show the cancelled checks.



Let us measure your degree of fire risk and recommend the proper safe.

You can do this if you keep them in Diebold Fire Resistant Safes . . . for then fire will not destroy them.

They are made in all sizes and styles to meet the needs of every business, and carry the label of the Underwriters' Laboratories. Take the risk out of your business by keeping your *vital records* in Diebold Safes.

DIEBOLD SAFE & LOCK COMPANY, CANTON, OHIO

Represented in Leading Cities in U. S. A. and Canada

DIEBOLD SAFE
ASK YOUR  **BANKER**

When writing to DIEBOLD SAFE & LOCK Co. please mention Nation's Business

book clubs announced that they have the choice of the books of all publishers, this action will at least force them to qualify their advertisements.

Some observers in the trade believe the withdrawal of the Dutton Company marks the beginning of a decline in the power and the prestige of the book clubs. Others see it merely as an incident in the inevitable struggle between the old and the new.

One indication of the divergence of opinion existing in the trade with respect to the book clubs is the fact that Doubleday, Doran & Co., one of the most powerful and influential publishers in the country, recently bought a large interest in the Literary Guild, a distributing organization patterned after the Book-of-the-Month Club and headed by H. K. Guinzburg.

The fact is that owing to the activities of the newcomers in the business, the bookselling trade is in the throes of a bitter feud which has developed into a three-cornered struggle. The retailers are fighting the book clubs, the publishers are divided into opposing factions and the book clubs are battling among themselves for the profitable new channels of distribution that have been opened.

Lawsuits are rare in the publishing world, but recently two of the book clubs took their troubles to court, one seeking an injunction to restrain the other from mailing books to their subscribers, the list of which it was claimed was illegally filched from the office of the plaintiff.

The battle among the booksellers has not yet reached a decisive stage, and no one knows what the outcome will be, but it is apparent that the revolution will not be bloodless. It has been said that youth will be served. But it has also been said that the Old Guard dies but it never surrenders.

Bases for Air Travel

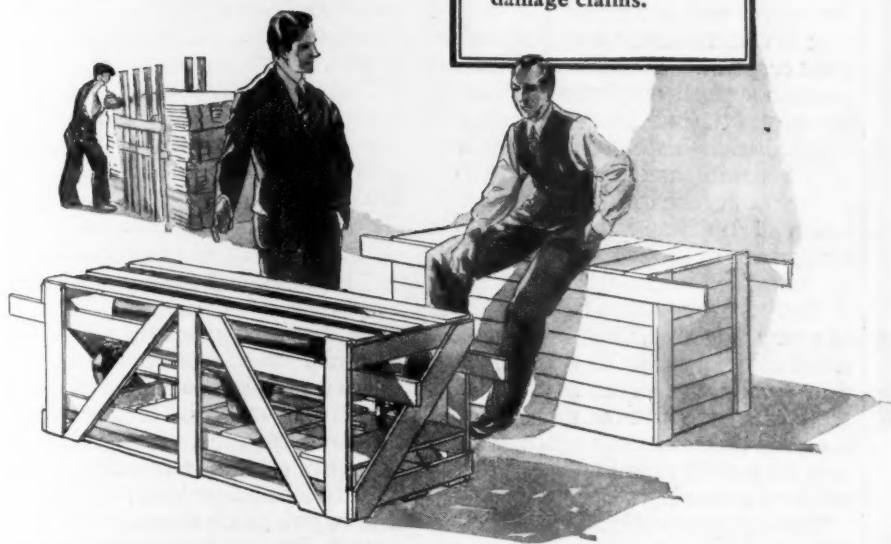
THE saying that a plane is only as good as the ground work under it is usefully interpreted by the Wright Aeronautical Corporation in the establishment of 36 stations for the service of its motors. These stations are strategically located throughout the country. In addition to the American chain, arrangements have been made in five foreign countries for the manufacture, sale, and servicing of the Wright motors.

Bruce G. Leighton, director of sales and service for the Wright Corporation, says his company will have more than a hundred stations in operation before the end of the year. The growing demand for dependable motor service is ascribed to the increasing pressure on air mail lines, and one estimator expects to see an aggregate of 10,000,000 miles recorded within the year.

Crating waste eliminated by modern methods

FREIGHT
LUMBER
SPACE
LABOR
DAMAGE-
CLAIMS

THROUGH scientific design and expert manufacture of crates that are cut-to-size, ready for use—Weyerhaeuser has applied efficiency methods to crating operations—saving thousands of dollars for many shippers in lumber, labor, space, freight and damage claims.



WITHIN the past two years hundreds of manufacturers have discovered—and stopped—wastes in their crating methods which had been costing them thousands of dollars. Many of them had considered, as perhaps you consider, that their methods left nothing to be desired. How the unsuspected wastes were discovered and the savings effected is the story of the application of modern scientific methods to a field long neglected.

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- 2nd A sample of your product is shipped to the Weyerhaeuser Laboratory in Cloquet, Minn., in your present crate.
- 3rd Weyerhaeuser Crating Engineers study your crate from the standpoint of any improvements that can be made—in efficiency, appearance, amount of lumber consumed, freight saving through the use of lighter weight woods, less labor cost, greater ease or speed of assembly in the packing room.
- 4th A new crate is designed, built and tested in the laboratory.
- 5th The most economical and efficient kind, thickness and width of lumber is determined.
- 6th The most efficient order of assembly of the various members and sections is determined, also the correct method of nailing, the correct size of nails, and the best method of packing the merchandise into the crate for safe delivery to destination.
- 7th Your sample product is shipped back to you in the new crate—an actual shipping test. (Additional shipping tests are arranged for if necessary.)
- 8th Weyerhaeuser submits to you a detailed proposition for the furnishing of your crates, cut-to-size, and carried to any desired stage of fabrication that seems most practical and economical from your standpoint.

What It Does

The Weyerhaeuser Laboratory Method of crate design stops the wastes in crating:

- 1st It saves in freight bills both by scientific design, eliminating excess members, and by the application of strong light weight woods.
- 2nd By furnishing your crates, made up in sections, or cut-to-size, neatly bundled and ready for assembly, it frees factory floor space for profitable manufacturing operations.
- 3rd It reduces to a minimum or eliminates investment in crating equipment.
- 4th It lowers overhead costs by cutting "no profit" shipping room operations to a minimum.
- 5th It reduces "bad condition" claims—by proper crate design as well as by assurance that only good lumber is used.
- 6th It lowers your freight bills on lumber. You pay no freight on waste.

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What Is Industry's Purpose?

(Continued from page 60)

constitutional change, but to revolution and violence, to sabotage and destruction, to the replacement of one evil with an infinitely worse evil.

Heretofore corporate industry has adopted and pursued policies that have been almost entirely economic, or in pursuit of economic objectives. They have been dictated scarcely at all by social objects, social ideals or social necessities. Policies, to be really successful, must be social as well as economic. They must be for man as well as for profits.

It is comparatively easy for modern great corporations to follow policies that produce steadier employment, that do not compel the individual worker to lose his freedom and his self-respect, that keep up wages and consequently keep up purchasing power and build up the market to which all American industry must look for its basis of prosperity, if not in fact for its entire prosperity.

There is a trusteeship in corporations in a very real sense, though I imagine it is generally forgotten. But that trusteeship is for those served as well as for those who have invested money. There is a mass power at stake which must be used for socially right purposes, or there will be a reckoning.

Through constitutional means limitations can be placed on corporate powers. Rights that the state gives it can take away. In the future it may deny them altogether. Enough injustice will build enough reaction, or resentment, or what you will, to see to it that there is a revision of corporate powers, if indeed there is not a complete taking over by the state. I am against that. The labor movement is against that. That leads to bureaucracy, with its intolerance, its ineffectiveness, its inevitable corruption and too many evils to enumerate.

I fear the super-state, I trust democracy, but it is conceivable that bureaucracy may fasten itself upon democracy, until the original pattern is lost and until the original ideals are smothered. The whole effort of labor is to check and cure the abuses that otherwise must drive men and women to use their political power to build in the state the power to do that which they otherwise find themselves unable to do.

Humanity will choose action

HUMANITY, after all, will be futile in action rather than forego all action. Must humanity be driven to such futility? Is there not in our employing world better sense than to permit matters to go to that conclusion?

Let us look now for a moment at the matter of combinations in the field of distribution. Producers, to gain more eco-

nomical and perhaps less competitive distribution, will establish their own distribution systems. On the other hand, distributors, to get a firmer command over the things they distribute, will become producers. Already there is much of this. Both ends are working toward each other. In the end there will be marked changes in our methods of distribution, and eventually a community of interest will be reached. Just how the interest of the consumer will be protected I do not know, but that interest must be protected and served.

But consider the mass of small merchants. They are passing, I believe they will all pass. They will become wage and salary earning men and women. Corporate control of the field will change the status of masses of men who are now in the status of employers. They will join the army of the employed.

The question the future holds

THE small manufacturer will pass out, the small store keeper will pass out, the salesman will pass out. The masses will hold stocks, or bonds, or they will work for the corporate entities. The coming change of status is staggering. We shall have to face before long the great question of how stock shares are to be controlled. Few think that a serious question. It is a very serious question.

Again, I predict that government will be urged to step in unless shareholders can learn to follow an orderly course shaped by social aims as well as by purely economic aims. Here again it will be made plain that the corporation is the creature of the state. If corporations too seriously injure the citizens who compose the state the citizens will use their power through the state to recreate an equality—and my fear always is that they will go beyond their goal and create a new and probably more bitter and dangerous inequality than the one they seek to remove.

Again I come back to the theme of democratic organization "on the job," where the need is and where the knowledge and understanding are to be found. But this cannot be done unless there is on the job the will and the vision to make it clear that it is to be either this way, or the objectionable way of the bureau and the politician.

I fear, too, when I observe the field of international organization of finance. What concern has a workman, or an official of an organization of workmen, in international finance? Let me tell you about that. We have had some strikes lately in our country in plants where wages as low as \$10, \$15 and \$18 a week were being paid. Unorganized workers, in resentment, walked out and



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Lv. " (Jersey City)	9:10 A.M. "
Lv. Binghamton, N. Y.	2:35 P.M. "
Lv. Elmira, N. Y.	3:58 P.M. "
Ar. Buffalo, N. Y.	7:35 P.M. "
Lv. Jamestown, N.Y.	8:11 P.M. "
Lv. Youngstown, Ohio	11:15 P.M. "
Lv. Akron, Ohio	12:40 A.M. "
Lv. Huntington, Ind.	5:00 A.M. C.S.T.
Ar. Chicago, Dearborn Sta.	8:25 A.M. "

Eastbound No. 2

Lv. Chicago, Dearborn Sta.	5:35 P.M. C.S.T.
Lv. Huntington, Ind.	9:05 P.M. "
Lv. Akron, Ohio	3:24 A.M. E.S.T.
Lv. Youngstown, Ohio	4:58 A.M. "
Lv. Jamestown, N. Y.	8:05 A.M. "
Lv. Buffalo, N. Y.	8:55 A.M. "
Lv. Elmira, N. Y.	12:26 P.M. "
Lv. Binghamton, N. Y.	1:46 P.M. "
Ar. New York (Jersey City)	7:10 P.M. "
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For time at other points see time tables



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Write to Extra Edition Editor

NATION'S BUSINESS

Washington, D. C.

then they formed a union. The plants involved were owned in Europe. In one case 5,000 men and women were dealing directly with international finance. We had better think about it and learn about it.

On the other hand, the members of my union find that books can be imported from Europe where wages are much lower than here, and we must lose work because of that. We find American capital invested in factories in Europe and even in the Orient, because in those countries that capital can employ workmen at a fraction of our wages, ship their product to our country, and make profit.

Varied laws for capital

BUT the issue is deeper. Capital today is organizing under its national laws—American capital under our laws, British capital under British laws and so on. Self-preservation of capital and its profits may easily enough—bring about contentions between nations. How far will nations permit the interests of their citizens to be jeopardized by capital owned by citizens of other lands?

American capital is going into other lands, where other ideas prevail. It is going into some lands where the belief prevails that the state is supreme and has a right to intervene in all matters.

May that not inspire another nation to pursue a like course? In one or several countries anything might happen. Example is altogether too contagious. If capital, nationally, or internationally, follows a too purely selfish purpose, states will be compelled to step in. It will be first the state where there is most present inclination toward state overlordship and then down the line. It will be better to be just in the first place than to encourage the contagion of state control.

We find the tariff made an instrument for promotion of inequity in the international ramifications of capital. The lines have changed, but capital fights first for profits, no matter what the relationship of capital may be to nations. We find the conflict of interest here again between distributor and manufacturer. The consumer is generally for free trade; so is the distributor; but the manufacturer is for protection.

The producer is fighting the consumer and he seeks every device to compel the distributor to handle his products. We find even the interest of labor divided, for the laborer, in a sense, is both producer and consumer. As a producer he is a protectionist; as a consumer he is not, though ultimately he finds that the benefit of all must modify his attitude.

The producer who is dependent on the home market wants one thing. The great producer who is extending his market abroad seeks another thing. The investor or who owns a factory abroad and wants

easy ingress of his foreign-made output wants something else. All groups are subdivided but I believe there is something really helpful about it all, for this very subdivision is helping to create a common denominator of viewpoint, a common policy more closely related to the common good. It tends to equalize.

If those in control are wise enough and will help to build up standards of work and living at home they will have less and less need to concern themselves with extension of markets and the attendant risks and involvements.

Let me finally say these things.

No one man is going to work our collective way out of our problems. It is fair and right to ask that we have opportunity for contribution of the wisdom of all.

Is industry intended to serve only as a medium for the getting of profits for the moment, or is it in reality intended to serve some great social purpose? I believe it is to serve some great, all-important social purpose. In other words, I believe industry is for humanity.

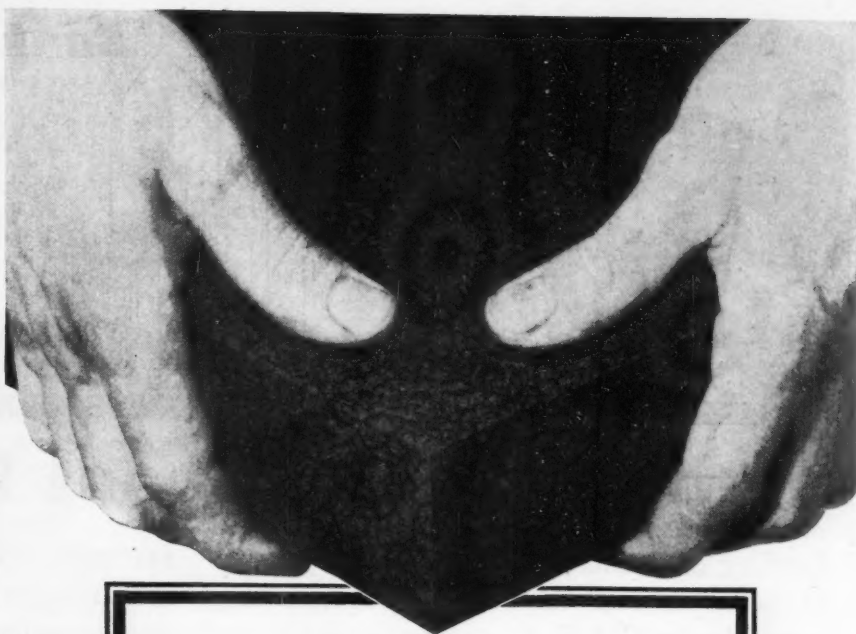
Summing it all up, I view it this way. We have never had a condition where the individual has been absolutely free. Freedom, after all, is a relative term. The state, in the interest of human kind, enacted laws that have somehow grown into a moral code and there is a judicial branch to deal with infractions of that code. So with industry the overwhelming number of disputes are dealt with through the judicial branch of the government; it was the legislative power that laid down the rules. Through the state we were given the corporate idea and that idea will grow, making the corporate creature more and more powerful.

Will state control come?

UNLESS industry can find its own way to create order and justice and give industrial meaning to freedom, it seems inevitable that ultimately there will come some sort of state control. In our country this state control will not follow the ideas of the socialists or the formula of the communists but will develop in a way such as to regulate the corporate creatures it has brought into being.

Sometimes I wonder if we shall have any alternative, whether we shall not have to seek a state control that will modify and restrain the corporation, retaining the idea of private property, with its opportunities for initiative and its chance for the spirit of adventure, yet tempering these great powers to meet social requirements—to keep them from sapping the life out of men and women.

Of only one thing can I be certain and that is that we shall have to retain freedom by whatever method is made necessary by the powers that seek to nullify freedom, even if in the end we have to seek remedies that, given a free choice, we would not take.



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What the World of Finance Talks Of

By MERRYLE STANLEY RUKEYSER

ASIDE from business cycle factors, the two bearish factors which helped to break the confidence of bull speculators late in the Spring were the collapse in wheat prices and the postponement of the reparations settlement.

The immediate causes of shifts in price movements are not momentous; when a movement of prices in one direction or the other has been overdone, there have always been incidents in the news which serve as pretexts for a reversal of speculative policy. If it is not one thing, it is another. In times of delusion, when the public emotionally assumes that the tree of prosperity will grow right up to the heavens, stock prices discount the assumption that "it ain't gonna' rain no more." Influential spokesmen for the Federal Reserve Board long ago pointed out privately that their objective was to get the public to change its mind about the desirability of using additional credit to acquire stocks at ever-rising prices. As this is written, it is evident that the stubborn optimism of emotionalists in the realm of finance has been effectively challenged.

The insistent problem of the moment is whether the fear waves which have been generated can be isolated in the financial district. If the cost of checking the bull market has been killing the goose of prosperity, many will question whether it has been worth the price.

The much criticized mildness of the Federal Reserve System was illusory. As a matter of fact, the System took drastic measures in the last year and a half in failing to offset the effects of the export of half a billion in gold, and in enormously cutting down the System's holdings of government securities and acceptances.

Although it is true that the half a point increases in the rediscount rate in 1928 failed to dramatize the reversal of credit policy and are therefore open to legitimate criticism, the recent policy of direct action against non-cooperating member banks has done far more to disturb

optimism than a sharp and prompt rise in the rediscount rate would have done. The pressure against loans on collateral—loans on stocks and bonds which were originally bought with the expectation that they had a loan value—has done much to check the venture-some.

Fortunately, the technical position of the twelve Federal Reserve Banks is such in respect to reserves and in facilities for open market operations that the Federal Reserve can once more reverse its stand when and if it finds that business and agriculture are threatened by further continuance of the stiff money policy.

As soon as the Board is assured that the correction in brokers' loans in Wall Street has been completed, it might address itself to ways of curbing high

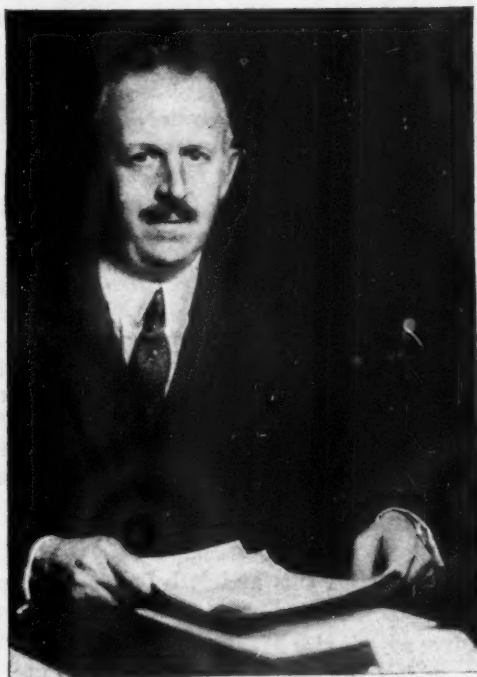
money rates, which, in addition to the handicap they impose on domestic business and agriculture, are preventing New York from fulfilling its new role as a world financial center. Moreover, high money rates at New York have caused the central banks of Europe to boost their discount rates to penalty levels to check a flow of gold to this center.

IN THE rivalry between London and New York for first place as world financial centers, London has been helped by abnormally high rates in New York. The chairman of Hambros Bank recently remarked:

"The result of New York's dear money has been to increase the demand for London acceptances and one can say that practically the whole of pre-war acceptance business is now back in London, where it will probably remain, and furthermore international trades have found that London is the only stable money market and that its central banking system is the best in the world." In addition to discouraging the buying of short-term dollar credits in New York, high interest rates for the last 12 months have also cut down foreign long-term financing at this center. The Foreign Securities Committee, of the Investment Bankers Association of America, of which Harry M. Addinsell, of Harris, Forbes & Company is chairman, recently pointed out:

"During the third and fourth quarters (of 1928) there was a drastic decline as illustrated by the fact that during this period foreign financing was more than \$600,000,000 less than in the first half of the year. The decline continued during the first quarter of 1929, the total foreign offerings being only \$274,000,000, which was below that of the fourth quarter of 1928.

"Your attention is called to the fact that British foreign and overseas offerings have risen from \$480,000,000 in 1925 to about \$667,000,000 in 1928 (compared with offerings of \$1,426,000,000 in the United States in 1928). From this it may be inferred that



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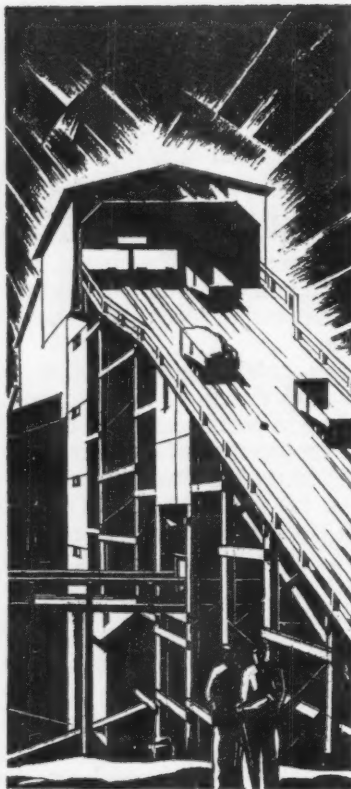
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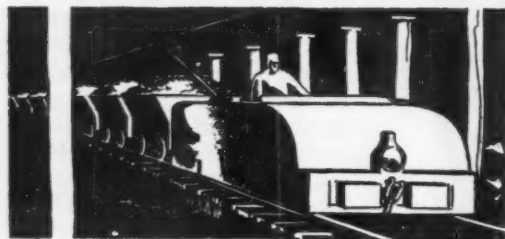
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NATION'S BUSINESS • Washington, D. C.

in the future the United States may not dominate the international capital market to the extent it did in the decade after the war."

AS THIS is written, the reparations conference seems destined to reach a new agreement. The proposed total figure is not only greatly below original Allied demands, but is even somewhat below the \$10,000,000,000 figure which Bernard M. Baruch, economic adviser to the American Peace Delegation, has through the years insisted was a reasonable charge against Germany. The present capital value of the new figure is \$8,806,000,000, which is close to the Baruch estimate, if allowance is made for the large payments that Germany has already made. Settlement of reparations on a workable, businesslike basis would come as the zephyrs of Spring to a world that has long been harassed by uncertainty.

ANOTHER factor which caused the stock market bull to stop, look, and listen was the political reversal in Great Britain. The unexpectedly large Labor vote could be construed as a gesture against political and economic orthodoxy—and as such was not especially palatable to security holders. The large British Labor vote, to my mind, registered widespread British discontent over the fact that the Conservative Administration had not brought prosperity.

The masses are more inclined to vote with the masters when it suits their pocketbook nerves to do so, but as a practical matter there is no incentive to vote Tory if the administration offers no escape from depression and unemployment. Theoretically the Labor program makes a broader appeal to the multitudes. Nervous financiers abroad should recall that in Ramsay MacDonald the Labor Party has a capable and sincere leader, who is not given to destructive tactics. It remains to be seen whether the creative ideas of the Labor Party will be able to rehabilitate Great Britain, which has been slow to recover pre-war vitality.

AN IMPORTANT national trend, manifested particularly in the South and the Far West, has been the opening of regional branches, factories, and assembly plants of national concerns.

THE RECENT collapse in wheat prices serves as a new object lesson concerning the value of crop diversification. C. T. Jaffray, president of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company, in commenting on significant economic trends in the Northwest, told me:

"A factor affecting our business is the constant growth of diversification in these northwestern states. It is tending

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to stabilize the farmer's income, and therefore his purchasing power. The increase in diversification throughout this territory is rapid and, of course, in the long run must be a decided help to the prosperity and business of our section."

INGENUITY can surmount even Wall Street advertising taboos. A little afraid to let its members unloosen on the lay public all the lures modern advertising psychologists are capable of suggesting, the New York Stock Exchange has rigorously censored all copy. The resultant austerity has been characterized as tombstone advertising. Brokers are permitted to do little more than give their name, address, and the fact that they are members of the Exchange.

Accordingly, there has long been a dismal uniformity to brokerage advertising. One firm has found its way to stay within the rules and yet be distinctive. It has adopted the ingenious device of telling its routine story in attractive, modernistic type.

BUSINESS is developing its own intelligentsia. In addition to the statisticians, numerous senior officers are of the Phi Beta Kappa stamp. In commenting on this trend, Henry Bruere, himself a business man with broad culture, president of the Bowery Savings Bank, New York, said:

"I think it is too early to say that the intellectual type is in the ascendancy in business, but I do believe that men who a generation ago would have been led into the professions because of an intellectual bent are now finding a scope for their intelligence and creative powers in business."

This trend should be encouraging to university students who are looking forward to careers in business. Numerous corporations, including the Standard Oil group, take a quota of college graduates each year. The American colleges have just turned out a bumper crop of bachelors of arts and bachelors of science.

JARGON is not only a literary labor saving device, but is frequently a conventional means for the avoidance of thought.

Each financial writer has in his kit a group of ready-made phrases designed to cover up the lack of specific information about concrete situations. Ordinarily these trade secrets are not revealed to the consumers, and I speak of them with some trepidation, knowing that my disclosures may jeopardize my good standing in the trade union.

When the bottom falls out of the market, effacing the margins of small but infinitely hopeful traders, describe the change as a "healthy reaction," and be

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Plan your investment structure

THE investor needs a financial plan as much as a sculptor needs a model or a builder needs a blue print. It is just another case of *thought preceding action*.

With a goal to strive for and a plan to guide him, an investor is less likely to waste time in indecision, in trying to guess market trends. Selections are made as funds are in hand; each addition fits into its place in the design of the whole. The result is a solid investment structure rather than a hit-or-miss accumulation of securities.

Bonds, of course, should be the backbone of every investment fund. They should be selected to cover the various fields of conservative investment as broadly as your funds permit. They should yield as even a flow of income as can be arranged. They should be marketable to the degree your circumstances require, with maturities well distributed. They should be periodically reviewed to determine their suitability in view of current conditions.

It is not difficult to plan and to build a solid investment structure if you enlist the help of a competent investment house and acquaint it with your needs and circumstances. It can support you at every stage, from the relatively simple determination of *how much* you should invest each year to reach your goal, to the more difficult problem of *how* you should invest it. Halsey, Stuart & Co. has for many years rendered such a service to investors, large or small—institutional and private. It extends to you the benefit of this experience in planning your own investment structure—besides offering a diversity of conservative issues from which to build it.

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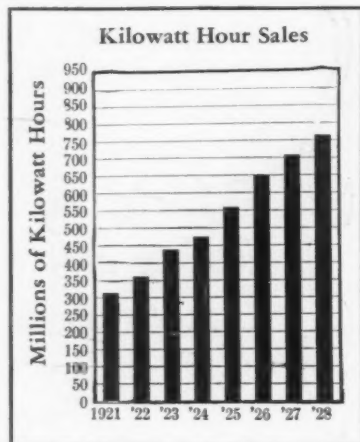
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sure to point out that the "technical condition" has been vastly improved. If there is a rebound in prices next day, they show no embarrassment but ascribe it to "banking support." Bankers cannot sue for libel unless you identify individuals.

If the market continues to go up rather sharply after you have publicly set forth reasons why it should decline, attribute the rally to "short covering." On the other hand, if the market continues to go up long after the rise has had your approval blame the upturn on "unreasoning speculation."

If stocks are bid up far beyond their usual price earnings ratio, explain the "new era" by referring to the influence of "investment trust buying."

Financial journalism is handicapped by the vain desire of financiers and industrialists to be admired. Accordingly, inaccuracies that are favorable to personalities and companies in the news are condoned, but even austere accurate statements of adverse tendencies meet with indignant resistance. Every financial journalist learns that he can be bullish and wrong and get away with it, and yet when he is bearish and right he always finds himself on the defensive. There is a prejudice in favor of "constructive" writing.

AS A PHASE of the vastly expanded lay interest in finance, the tabloids have jumped into the breach. Side by side with advice to the lovelorn, cute sayings by the kiddies, and a discussion of the ethics of going to road houses after hours with the boss are financial columns which obligingly pick out each day the particular stock which will bring venturesome buyers to economic paradise.

Economists used to say the speculator's function is to bear unusual risks in the hope of getting extraordinary profits, but the tabloids purport in their advice columns to have discovered a new formula for getting the profits without assuming the risks. They are meeting the perennial sucker demand for "safe speculations."

Economists used to think that speculation was an individual art, in which the canny individual staked his judgment against that of the crowd. The tabloids now regiment the crowds, and give individuals the impression that they can grow fabulously wealthy by buying in vast groups and selling *en masse*.

The economic absurdities which lie behind the newer experiments in blue sky financial journalism do not restrict their reader appeal.

Newspapers of tremendous circulation, which sponsor such tipping columns, obviously count on the fact that most of their readers ignore such features. If any sizable proportion of the total acted, the competition in buying



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Many investors from time to time favor almost exclusively certain types of investments—either senior obligations such as bonds or debentures, or junior securities such as preferred or common stocks. Regardless of changing "fashions" in the investment field, however, sound principles demand a high degree of diversification.

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The SMALL TOWN TURNS a Corner

America in 1912 faced a critical problem. Her industrial progress, remarkable as it was, contained the threat of its own futility. It had the menacing defect of *concentration*. One far-sighted industrialist asked:

"Is American progress to be along the same lines followed during the past century? And if so, will the evils of our times continue to grow along with the good? Will our cities grow larger and larger? Our streets more congested? Our slums more crowded? Are workmen to become more and more dependent upon highly specialized jobs and increasingly at the mercy of trade conditions? Is the drain on our rural districts to grow more and more unsatisfactory?"

Looking back, it is evident that the suction of industry from the countryside into the crowded cities was largely the result of a concentrated power supply.

At the very time that the problem approached its crux the technique of electric power distribution was brought to a stage where widespread diffusion of power was

feasible. The Middle West Utilities System was the first of the organizations formed to give effect to this development. Its avowed purpose was to provide small town and countryside with the quality of electric power—and at a comparable cost—which up to that time had been available only in the larger cities. Its formation in 1912 was singularly opportune and in keeping with the needs of the time.

Today, the scattered communities of the countryside have a power supply comparable to that of the great metropolitan centers, brought by widespread transmission systems. Power and transportation are so widely distributed that industries are free to locate almost anywhere. Self-interest directs them to the small town. Hence the new industrial growth in America's small communities today.

Provision of power supply to small communities on a scale equivalent to the service available in the great metropolitan centers is the achievement and responsibility of the Middle West Utilities System, a group of electric service companies furnishing service to more than four thousand communities located in twenty-nine states.

MIDDLE WEST UTILITIES COMPANY

The strategic position of the small town in American industrial development is fully discussed in the booklet, "America's New Frontier," which the Middle West Utilities Company (72 West Adams Street, Chicago, Illinois) will send upon request.



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would tend to dissipate bargains which the canny editors uncover, and competition in selling would make virtually impossible the process of liquidating profitably.

The ethics behind such tipster efforts are no worse than those which animate the racing selections. The social danger inherent in the journalistic tipping columns is that it encourages speculation by those least qualified.

Experience demonstrates that only those endowed with exceptional financial intelligence and supplied with ample capital can beat the stock market—and their number is *not* legion.

The late Seymour Cromwell, one-time president of the New York Stock Exchange, said in public addresses that the individual of small means could not afford to speculate, and Jason Westerfield, director of publicity, has reiterated this warning.

Tipster columns frequently build up a record of infallibility for the writers, for casual readers, who do not act on the advice, are inclined to remember only the good tips, and to regret that they did not take them. On the other hand, those who act on the advice are affected by the average quality of the tips, presumably lacking the discrimination needed to select some and reject others.

Moreover, the actual speculator is confronted by a terrific overhead in brokerage commissions, state and federal transfer taxes, and interest charges on debit balances—items which the phantom speculators, who trade only for fun on paper, overlook.

Moreover, it is a law of finance that even the best stocks do not move uninterruptedly upward, but pursue a jagged course. What profiteth the timid individual of slender financial resources if a stock eventually has a great rise, if in the meantime he has been shaken out of the market.

BERNARR MACFADDEN, recently launched the *New York Daily Investment News*, a financial tabloid. Irrespective of the quality of the publication the mere fact of its publication has great national significance. It means that the shrewd publishing mind that caters to readers of the *New York Graphic*, and of the *True Story Magazine*, has recognized that finance has become a major interest of a tremendous public.

The *Investment News*, in seeking to interpret the complex machinery of finance to a new and wider public and to interpret that public to Wall Street, is an experiment in simplification. Whether it succeeds or fails, it will doubtless influence other financial publications to remember that investors and speculators are also human beings.

The early issues were readable, and were edited with care by Clarence A.

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In the August
Nation's Business

"I Know
What's
Wrong
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Advertising"

by
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Hebb, who had previously served on several Brooklyn newspapers.

In addition to news and comment designed to help the speculator and the investor, the *Investment News* contains several quasi magazine features, including personality stories, expositions of the elements of finance, and talks by Roger W. Babson.

The new daily aims at clarity of expression and ought to help to establish this vogue in Wall Street. The conventional news tickers and financial publications have not always been written in pure English understandable to all. Until recently, the dailies of general circulation limited the appeal of their financial pages by failing to admit the sunlight of simplicity and clarity of expression.

But for generations the outstanding financial writers have written with less obscurity than the apprentices. Walter Bagehot had a vivid style which not only cleared up the complexities of Lombard Street to outsiders but which also for the first time made understandable to bankers in the London financial section the principles which lay behind their daily chores.

♦
SPECULATORS who see only black and white have perhaps overestimated the adverse effect of the decline in grain prices on the purchasing power of farmers, according to bankers in the Middle West.

"I anticipate no serious curtailment of purchasing power of the farmers during the next crop year," George C. Williams, vice president and treasurer of the Chicago Joint Stock Land Bank, told me.

"Buying is still emerging slowly from a hand-to-mouth basis. Farm machinery and every article a farmer uses is being worn out and he is being forced to use more money to replace these things to stay in business.

"His creditors understand this and permit it for their ultimate advantage. I think that the farmer will buy more this year than last. Up to this time quantity and quality of production should more than offset lower prices, if lower prices should prevail when the new crops are marketed. The necessity for rigid economy is still urging the farmer into the mail-order market in great numbers and volume of purchase."

♦
THE ST. LOUIS and O'Fallon decision of the Supreme Court constitutes another landmark in the establishment of property rights.

Apart from technicalities, it raises railroad property to a parity with public utility property in respect to the rights of ownership. In effect, the Court has ruled that its previous valuation decisions in public utility cases, holding that reproduction cost must be considered as a

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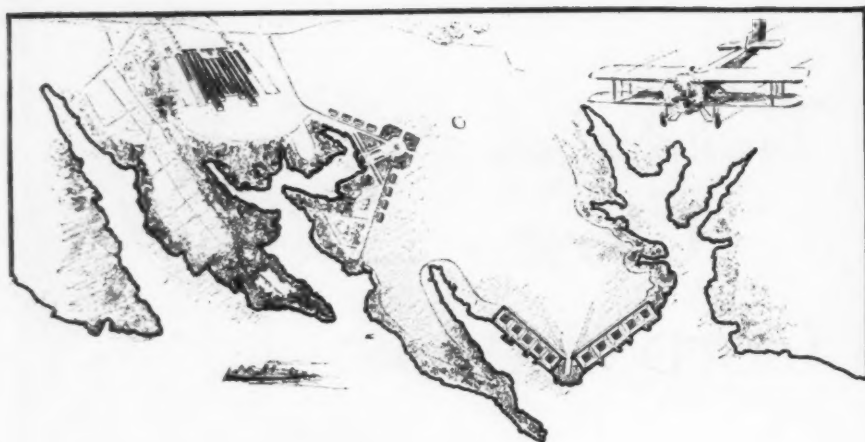
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Other plants are established close to the large municipal airport, now being built on the lower harbor, to accommodate both land and sea planes, while many more companies are studying Baltimore's distinct advantages.

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basis of value, apply to the railroads.

The decision not only curtails the amount of recapturable earnings—under the Transportation Act of 1920 the Government is to get one-half of earnings of any railroad in excess of 6 per cent on property value—of such carriers, as Chesapeake & Ohio, the New York Central Lines, the Norfolk and Western, the Atchison, Topeka and Santa Fe, and the St. Louis and San Francisco, but also established a new theoretical base of rate making.

The Transportation Act provides that rates are to be such that large geographical groups of roads will earn a fair return on their property value.

If the new ruling were literally translated into rate-making policies, rates would be more than the traffic would bear. Accordingly, it is widely expected that no attempt to make universal boosts will be made.

ON THE other hand, the decision will discourage attempts to reduce rates. The epidemic of cuts on individual commodities, which in recent years have deprived the railroads of \$5,000,000,000 in gross revenues, has been halted.

Marketwise, the decision indicates that speculators have perhaps to an unwarranted extent discriminated against railroad securities, refusing to capitalize earnings and assets of carriers on nearly as favorable a basis as those of industrial and public utility corporations.

The chief economic significance of the decision is that it encourages railroad managers to become more venturesome in investing new capital in plant and equipment, and in introducing operating economies.

IN ISOLATING the cause of the Coolidge-Mellon-Hoover prosperity cycle, Dr. Wesley Clair Mitchell stressed the fact that since 1921 Americans have applied intelligence to the day's work more effectively than they ever have before.

THE COMMONLY quoted stock market averages of 30 industrial stocks give a somewhat distorted picture of the security market.

The New York Stock Exchange publishes as of the first of each month a weighted average price of all listed stocks, including more than 1,200 individual issues. According to this index, the peak of the bull movement did not occur this spring, but last December. The average on December 1 stood at 89.13; January 1, 89.09; February 1, 87.96; March 1, 85.30; April 1, 80.87; and May 1, 82.13.

In this simple statistical device are summarized an infinite number of human stories about hopes blasted in some cases and fulfilled in others.

The New Problems Radio Brings

(Continued from page 32)

radiotelegraph projects undertaken by various interests to compete with the land-line telegraph systems. Its task has been prodigious for the radio art progressed much faster than the understanding of its needs by our legislators.

The Commission faced a tremendous job in reordering the program broadcasting from the plethora of stations that cropped up during the breakdown of federal control over radio, formerly exercised by the Department of Commerce under an obsolete—and later invalidated—law of 1912. That law had been written to adapt radio to the maritime services and was passed without anticipation that radio would burst into being as a popular entertainment and extensive telegraphing and transoceanic telephoning medium.

The Commission was set up purely as a makeshift to meet a problem thought to be temporary; unless further legislation prevents, the amended Radio Act will shear it of most of its power, making it an appeal board over the Department of Commerce after December 31, 1929.

Amateurs used short waves

THE whole communications problem may be said to have developed from the discovery by an army of experimentally inclined youngsters, largely American amateur radio operators familiarly and affectionately called "hams," that radio's short waves had potentialities far beyond the dreams of the most eminent scientists.

When Heinrich Hertz, the German, experimented with the transmission of electro-magnetic waves, making electric sparks leap across space between the terminals of a spark gap and causing oscillations in the surrounding ether that would affect adjacent conductors, he had the whole radio spectrum at his command. So did young Guglielmo Marconi, when he first sought to apply the Hertzian theories on practical use by placing wireless aboard ships for short distance communication, then by bridging the English channel and then, in 1901, by getting a single letter signal across the Atlantic ocean without a metal conductor for the first time.

Marconi and his contemporaries in the radio field gradually narrowed down the width of the "space" occupied by these signals, made them more efficient, pushed them more regularly over longer distances. Even then, the plum portions of the spectrum, that is, the so-called long and intermediate waves, were found best for the apparatus at hand.

Benign governments allowed their tinkerers to play at will at the lower

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The most interesting fact about Modern Management is that its logic is as old and as so as the hills.

With Archimedes, 2000 years ago, it says, today, "Give me a place to stand, and the right levers, and I will move the world."

With vision, based on dependable facts and figures, Modern Management makes for itself the "place to stand." And it *leans on its levers*. With sound Organization, Research, Budget Control, System, Order, it lifts with ease and precision its ever-increasing load of greater and greater accomplishment.

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end of the spectrum, which was regarded as a veritable "No Man's Land" of wireless. What amazement, then, when these lads discovered they could talk by code with each other on these so-called short waves over long and short distances overland and across the seas!

Commercial interests turned to the short waves; the amateurs were crowded into narrower so-called bands of frequencies, or wave lengths. The efficiency of the short waves was improved by the application of the best brains in radio engineering to their problems. The intermediate wave lengths were largely reserved for voice and music transmission, first done on an appreciable scale in 1921. The gigantic industry that has grown out of these experiments and developments is too well known for discourse here.

Communications became a secondary element in the minds of the public—except, of course, when radio played its magnificent roles in great sea and flood disasters.

The communications aspects, however, remain highly important, far more important than the relative luxury of program radio.

Telegraphy and telephony by radio are the only means for maintaining communication with mobile craft, like ships and aircraft. Telephony by radio makes possible conversations most of the day from any telephone in this country to almost all the telephones of Europe. Soon it will link our desk phones with South American capitals.

Radio proved economical

TELEGRAPHY by radio has proved a vigorous competitor of the submarine cables, its operation forcing the first reduction in nearly four decades of word rates to foreign lands. Telegraphy by radio now promises to give the country overland service between the larger cities in direct competition with the wire systems.

Photoradio has been developed to send pictures over great spans by transmitting light values into sound signals and then back into light. The wires also accomplish this, perhaps better because of their comparative freedom from diurnal and seasonal variations and atmospheric disturbances—for the radio is a creature of Nature. Television, an almost inconceivable marvel, whereby images in motion and their sound emanations will be seen and heard simultaneously at a distance, is confidently promised by conservative engineers.

At the same time, it is proposed to utilize the radio waves that follow the paths of telephone and power lines to transmit signals, speech, pictures and moving images; in fact, with the exception of television, the so-called "wired radio" has already accomplished this on an appreciable scale.

The experts agree that radio cannot

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be expected to serve as a substitute for the land and subsea wires, for where wires can be multiplied innumerable, the radio spectrum has physical limitations, and each sovereign nation has its own claim to a share of its wave lengths. Moreover, radio waves respect no boundaries; they are often international in their effects, and two stations "working" the same wave length often find themselves ruining each other's transmissions. But the radio has commanded a place, and it is that place and the failure to coordinate its services to maintain law and order in the magical ether that makes the problem a major one in the national economy.

The Senate hearings in their early stages have steered an astute course in recognizing the difference between the problems of communications and those of trade in apparatus, especially radio apparatus, although it has been and will be continuingly difficult to do so in view of the interchanging patent and interlocking corporate interests involved.

Has guards like older industries

OUT of a relatively small radio industry has grown a production industry of tremendous magnitude. Patent and trade abuses have led naturally to intense prejudices and deep-rooted animosities. Charges of monopoly and trustification are rampant, and the giant communications companies, wire and wireless, find themselves facing bitter attack in and out of Congress. This is largely due to features of the patent situation.

The American Telephone & Telegraph Co., for example, whose laboratories have made some of the most important contributions to the development of radio, has a patent interchange program with the Radio Corporation of America that also includes the patents of General Electric and the Westinghouse Electric & Manufacturing Co.

The A. T. & T., in addition to its vast telephone holdings throughout the United States, operates the trans-Atlantic radiotelephone and will soon have South America radiotelephone circuits in operation. Not only these, but its interstate telephone operations would be transferred to the body occupied with radio regulations under the bill.

The Radio Corporation of America expects to extend its transoceanic radio circuits, now linking only the two seaboard of the United States with 30 foreign countries, to some 30 more inland cities for intercity message business and for foreign "feeder" service.

Bulking large in the domestic and international picture is the giant International Telephone & Telegraph Corporation, which has vast communications operations and equipment plants throughout the world, but mostly in the Spanish speaking countries. It is involved in radio through its two subsidiary



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Mackay Radio & Telegraph companies. One of these operates a radiotelegraph service between cities on the Pacific coast, with ships along the Pacific seaboard and to lands across the Pacific. The other, newly in the ship business on the Atlantic, proposes also to open trans-Atlantic radio circuits in competition with the Radio Corporation of America. The Mackay companies also would establish radiotelegraph services within the country.

The magnitude of the I. T. & T. is evident from the fact that the Postal Telegraph is also a subsidiary, as are the Commercial and All-America Cables. This is the concern that would acquire for a sum variously reported at from \$100,000,000 to \$120,000,000 the ship and transoceanic services of the Radio Corporation of America, if prohibiting features of the present radio act, which forbid mergers of wire and wireless companies where they might lessen competition, are amended by Congress.

This merger is proposed in the belief that the radio, at least, is a natural monopoly and that a unified American communications company can best meet world competition for traffic from similarly unified agencies in foreign countries that are under direct government operation, control or subsidy.

A monopoly seems natural

THIS merger is proposed in the belief much the same experience as Great Britain in maintaining radio and cable competition, except for the fact that the British had their state owned cables and state owned radio competing with each other and with privately owned cable and radio companies.

Destructive competition because of the growing efficiency of "beam" or directional radio threatened the existence of some of Great Britain's cables and led to a unification of all the Empire's cable and radio facilities under a private holding and operating company. Government officials on the board of this company strictly regulate communications operations, rates and profits.

The company, the largest communications enterprise in the world today, may dominate world communications unless the situation is wisely met by President Hoover and Congress. It not only owns or controls about half the cables of the world, boasting an "all-metal" girdle about the globe, but has a highly efficient radio system connecting all its colonies with the mother country, with each other and with most of the world.

The question that this country must decide soon is whether the "cartelization" of communications facilities abroad—fusions have also been accomplished or are being accomplished in France, Germany and Italy—will economically force a similar fusion by this country. So far the maintenance of competition

has actuated the Federal Radio Commission's communication wave-length grants.

Throughout all the discourse and heat about the encroachment of radio, one American communications company has stood aloof. That is the Western Union, which did some \$135,000,000 of the nearly \$175,000,000 telegraph and cable business of the United States last year. That company has never applied for radio wave lengths. Its president, Newcomb Carlton, dismissed radio with this succinct comment in his annual report for last year:

"As to domestic land-line transmission, we await with an open mind the demonstration of a comprehensive system by radio. An effort to displace land wires by radio is interesting from a scientific point of view, but the problems are such our faith reposes in wires."

Mr. Carlton adds that "if, however, in the years to come a system superior to wires is developed, it can safely be assumed that our company will be in the forefront of such development."

Abiding faith in radio's possibilities appears to actuate others than Mr. Carlton, for not only have the Radio Corporation of America and Mackay launched intercity radio projects, but a newcomer in the communications field, the Universal Wireless Communications Company, is going forward under a grant of radio channels from the Federal Radio Commission, with a comprehensive plan for linking one hundred and ten cities by radiotelegraphy. Thus established, this company would bid against the land-line companies for public service traffic.

Taxes Take One Fourth

THE railways' tax accruals for 1928 reached a total of \$295,066,480.

That is \$1,079,417 a day. The tax increased \$13,467,890 or 3.5 per cent over the tax of 1927, while the operating revenues were \$32,268,750 less than in 1927. Which would seem to be a case of catching it coming and going.

To put it another way, the net operating revenue of the railroad in 1928 was \$1,705,280,774. The tax took 23.2 per cent of that amount. *Railway Age* concludes from this that the tax collector appropriated the entire net revenue of the railways for 85 days out of the year; or, to put it still differently, that they took all the net revenue from 55,700 miles of railroad lines.

"This is greater than the total miles of railways in the eleven Mountain and Pacific States with North and South Dakota thrown in," the magazine says.

But what a cinch we have. The British railways, for instance, face a deficit of 9,000,000 pounds and can't find a way to raise it.



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WHAT OTHER EDITORS THINK

By WAINWRIGHT EVANS



"Uncle Tom's Cabin" was first published by *The National Era*, an abolitionist journal, in 1851

THE tremendous increase in the use of farm machinery is having the double effect of increasing farm production to the point of throwing a surplus on the market, and at the same time releasing "thousands, and perhaps millions, of individuals from farm labor," in the opinion of *Manufacturing Industries*. What the use of farm machinery means in terms of wheat production, for instance, is shown in this table.

Method of farming	Acres of wheat per 1,000 hours
Man power.....	3 1/3
One horse.....	10
Two horses.....	25
Four horses.....	66
Five horses.....	111
Power machinery.....	333

Along with this there has been a decrease in the cost of production parallel to that which has taken place in manufacturing.

Manufacturing Industries suggests that this means that the manufacturer of farm machinery has a double problem on his hands. He must supply tools and equipment, and he must also discover ways and means to make effective use of existing agricultural wastes. This has already begun. Bagasse is now used for making wallboard, corn-stalks for paper pulp, corn-cobs for furfural. This is the beginning of a great development in the by-product field.

WHENEVER any new thing has been introduced into industry somebody has viewed it with alarm. Generally the alarm has proven groundless. It was predicted that the cotton-gin would throw thousands out of work. It lowered the price of cotton and increased the demand for it. Just now the chain stores are viewed with apprehension by many independent retailers to whom will presently occur the idea that it is up to them to unite with other independent retailers for economy in buying and other forms of merchandising efficiency.

Added light is thrown on all this by F. H. Williams, writing in *Hardware Dealers' Magazine* of his experience with chain-store competition in California.

Mr. Williams is a hardware dealer in Santa Ana, a town of 35,000 population. Systematic watching of various chain stores in that town soon satisfied him that his regular customers were for the most part still buying his hardware in preference to the chain store hardware, and that most of the faces he saw in the chain stores were the faces of strangers. The chain stores, by their attractive prices, had drawn these buyers to town; and—lots of them showed up in Mr. Williams' own store later. His conclusion is that the chain stores increase the general volume of business, and that in the long run everybody is going to benefit.

THAT THE traveling salesman is on the way to become a museum piece was suggested recently by John F. Sherman of the Sherman Corporation, industrial engineers, in commenting on duplication of selling effort and the need for its elimination. Mr. Sherman thinks that the tendency toward mergers, chain store developments, cooperative buying, and the like means a doubtful future for the salesman unless his functioning can be readjusted. Speaking to a correspondent of the *Journal of Commerce*:

Salesmen from factory and jobbing house are treading on one another's heels, trying to get a share of the business of independent retailers. . . . Duplication of salesmen is one reason for mergers. It undoubtedly makes major contributions to our annual bill of eight billion dollars for wastes

in distribution. There are 75 per cent more salesmen calling on retailers than are needed to get the volume of business the retailer has to give. . . . The tremendous growth of chain store distribution is due in part to concentration of buying. One buyer for a large chain controls the purchase of a volume of goods which, if bought by the individual retail buyer, would require from ten to a hundred times the number of sales calls

and the display of samples.

A LITTLE band of French engineers, under the supervision and leadership of the world-known French scientist Georges Claudel, is on the north coast of Cuba sinking a water pipe 13 feet in diameter and a mile and a quarter long into the depths of the ocean. It will tap one of those icy currents that flow over the ocean floor from the Arctic seas, and the difference in temperature between that Arctic water and the warm surface water of those semi-tropics, will supply, for the running of industrial plants, a source of power as constant as the Gulf Stream itself.

The work will probably be completed this Summer. The plant will yield about 15,000 horsepower, if the calculations of M. Claudel are correct; and if the results are what he hopes for, he expects to construct similar stations that will yield four times as much power as this one.

In addition to using this unending stream of cold water for power, it is planned to distribute it over the neighboring territory in "cold" radiators, for cooling buildings.

This project, if it works, will be about as near to perpetual motion as science is likely to come for several decades. M. Claudel caused a sensation about two years ago by announcing his plan to take power from the ocean. Other engineers said that all the power produced by such means would do little more than take care of the subsidiary services of the equipment.

M. Claudel's answer to this was to construct a small plant on the banks of a canal in Belgium, near a large



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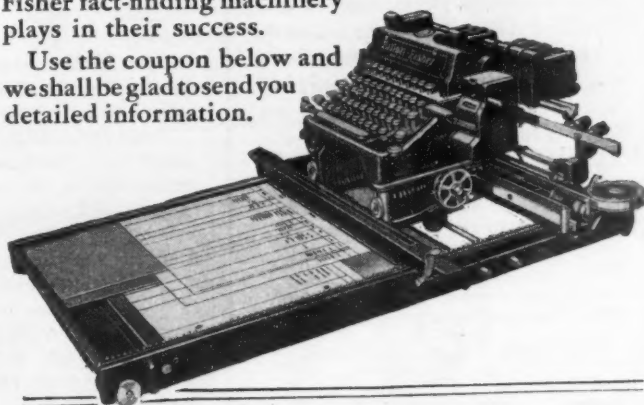
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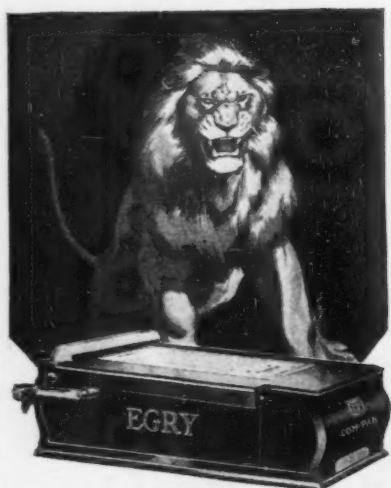
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manufacturing plant. The hot exhaust water from the factory gave him the difference in temperature that he needed. The canal supplied his cold water. Thus he got a temperature difference of 35 degrees. Not more than 15 or 16 per cent of the power so obtained was used for the subsidiary services. It was after that M. Claudel established his enterprise in Cuba, for "harnessing the fly-wheel of the universe." If he succeeds it will be one of the most important among the discoveries of science.

The theory of M. Claudel's device as described by the *Manchester Guardian* is this:

He pumps surface water, which in the tropics is usually warmer than 70 degrees, into a boiler. The water from the depths of the ocean, having a temperature of 40 degrees, forced up by hydrostatic pressure, discharges over a condenser attached to the boiler. A pipe is laid from the boiler to the condenser, passing by a suitable impulse turbine. When once a vacuum is created by the condensation, the warm water begins, in that vacuum, to boil though far below the normal boiling point of water; and the force and speed of the steam so generated is converted into power by the turbine.

"WHEN I was in college," writes Guy M. Walker in the *Manufacturers' Record*, "two of my college mates were the older children of a Methodist preacher who never in his life had occupied an appointment that paid more than \$1,200 a year. His two younger sons graduated 22 years later as classmates of my older son. But when this old man died he left an estate of more than \$200,000, all of it made out of Kansas lands bought in the early days at \$1.25 to \$1.50 an acre. . . ." He goes on:

There is a strange significance in the prices these migrants paid for those western lands. When the Government and the railroads were selling these Iowa, Nebraska, Kansas and other western lands for \$1.25 an acre, \$1.25 represented the wage paid per day for skilled labor. . . . These lands are today worth from \$125 to \$200 an acre. . . .

These opportunities have long since been closed. . . . As a matter of fact a similar opportunity exists now in only one place in the civilized world—throughout our southern states, Texas, Louisiana, Mississippi, Alabama, Georgia, and even Florida. There millions of acres, most of them what is called cutover lands, are for sale at prices ranging from five to ten dollars per acre. This price bears practically the same relation to the present day wage for skilled labor that the old price of 60 or 70 years ago did the wage of that day. . . .

But there is one great difference. These southern lands today are far easier of access and much more available than were those western lands in the earlier days.

As late as 1882 there were farms in Kansas and Nebraska so distant from railroad facilities that the farmers actually burned their corn for fuel.

But our southern states are ten times as well supplied with railroad facilities as were those western lands which have become so valuable. . . . I bought several years ago a couple of large tracts of southern lands as protection to my sons against anything that might happen to them or to their children after my death. . . .

My experience . . . has shown that even if one paid as high as \$10 an acre for this land, at an expense of less than \$10 an acre it can be fenced, cleared, and put into cultivation. When this has been done the land is equal in productive capacity to any \$100 an acre land in any northern state.

Millions of acres of these southern lands are convenient to the railroads, and will appreciate rapidly in value if merely bought and held. If on the other hand one should care to proceed from year to year to clear and develop a few acres at a time, planting them in pecans or fruits, he will in a few years have income-producing lands which he can have managed through local banks and trust companies, to which he can retire whenever he pleases and on which he can pass his old age in peace and comfort.

Reviewing a recent book, "Representative Industries in the United States," by H. T. Warshaw, a writer in the *Manchester Guardian* makes this broadly tolerant comment on the difficulties which the people of one country have in understanding the people of another country, even when the two are as closely related by tradition and blood as are Great Britain and the United States:

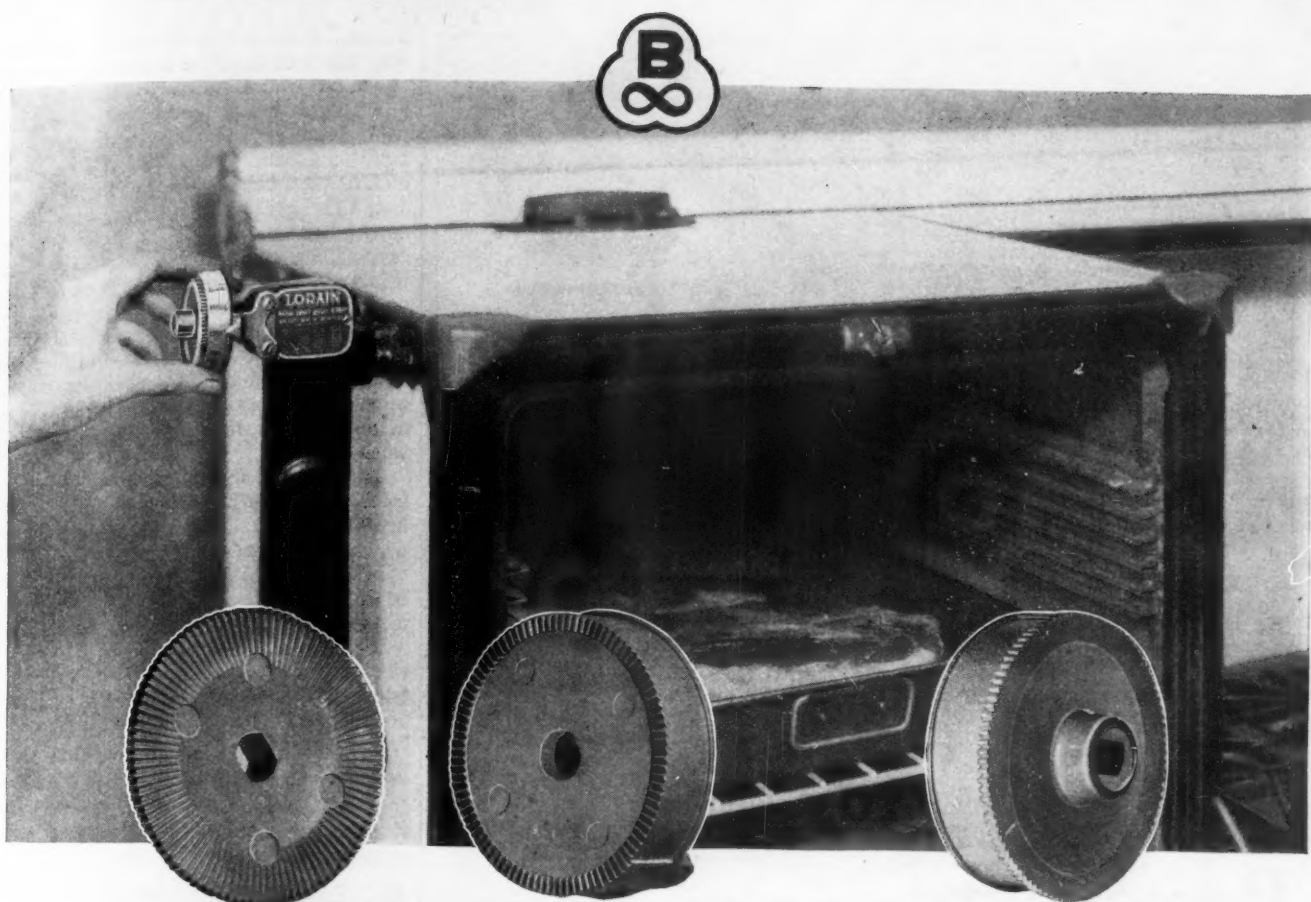
To the business man in Britain, America is still a land of "anthropophagi and men whose heads do grow between their shoulders," a country where business is wrapped in mystery and romance.

He hears fabulous tales of fortunes made and lost, of rich plenty in which all can share freely. But it is mostly hearsay, or at best the opinion of some one who has set out to find the simple cause of American prosperity.

Of such investigations there has been no dearth, but they have brought home no real understanding of American business organization, perhaps because the American industrial structure is so much more self-contained than our own or that of our nearer neighbors. The products which British and American industry turn out meet on every market, but the systems that produce them are poles apart, for British industry lives on its exports, while, with a few important exceptions American industries live on their home market, and to them exporting is a side-line—not a fair sample of the whole.

Speaking later of the troubles that may rise between the United States and Great Britain over such commercial staples as rubber and cotton, and the necessity for each side to recognize how dependent it is upon the other, the reviewer says:

The writers see the world out of American eyes; they look down upon it with the air of a rich uncle who is willing to offer his good example and a word of kindly encouragement. Seen from American and from British eyes the same facts often assume very different proportions, and the authors of "Representative Industries in the United



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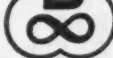
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States," if they are themselves one-sided, may teach us to strike the happy mean between our own minuteness and may we say—American exclusiveness.

To their eyes the Stevenson rubber restriction scheme was a very big thing—an endless cause of irritation. Copper Exporters, Inc., who have handled copper exports much as the British Government handled rubber exports, are very unimportant. To America it is a serious trouble that she has to depend on British estates for the bulk of the rubber she consumes. It raises serious danger of political complications, and we in England, who draw from the United States, among other essentials, the bulk of our raw cotton, of our copper and our oil, ought to walk warily.

To England, as the writers of the book freely own, America owes a great part of the inventions and early developments upon which her industries are built. Is it too much to ask that she should also own that she owes to us the discovery that an industry can live upon foreign raw materials?

Mr. Warshaw's book is an account of remarkable prosperity. Many of the industries which it discusses have difficulties to fight against, and the writers have confessed freely what these difficulties are, but, of all the 21 industries discussed in the volume, two only admit anything like a general depression."

THAT BRITISH business men and the British Government should combine fifty-fifty to raise a fund of one million pounds to be used in advertising British goods abroad is suggested by Percy Lister as reported recently in the *Manchester Guardian*.

Mr. Lister, in a letter to the Prime Minister, proposes that 100 firms be found to subscribe 5,000 pounds each to such a National Advertising Fund, and that the Government duplicate the subsidy so created.

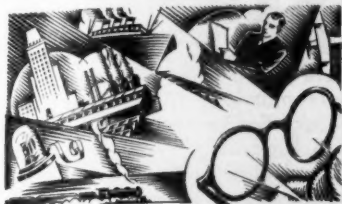
The money would be spent by a committee of experts that would represent industry, but be appointed by the Government.

Mr. Lister believes that such an enterprise would increase employment, and thus contribute to the solution of Great Britain's most difficult national problem. He urges that a precedent in the direction of a government subsidy for such purposes has been established already in the Government's grant to the Empire Marketing Board, and its support of the "Come-to-Britain" campaign.

From the American standpoint the significant thing about all this is that our British cousins are clearly waking up to a fact which we discovered over here 30 years ago—"It Pays to Advertise."

Thus does an industrial age put its stamp little by little, and for good or ill, on the face of all the world. The process started in the United States; now it is girdling the globe. Already there are steel bridges in China, telephones in Thibet, and radios in Central Africa.

THROUGH THE



EDITOR'S SPECS

ELSEWHERE in this magazine we print a reply by Professor Garrett of Cornell University to the Foster and Catchings article in May called "One Way to Prosperity."

Here are some other points of view.

The Division Superintendent of the Chicago, Burlington & Quincy Railroad Company writes from Sterling, Colo.:

To my mind there is no question but that there is a great deal of logic in the thought developed in this article to the effect that spending money rather freely is conducive to the general prosperity, as against extreme frugality.

Two or three years ago, a banker remarked to me that unless people stopped buying automobiles on the instalment plan, the country would soon be in a serious condition. The buying went merrily on, and still continues, yet I believe that "savings" per capita show better averages than a few years ago.

I have personally noted and remarked that it is because of the fact that our people have been keeping their money in circulation and buying freely, adding stimulus to manufacturing and employment, that we have continued to enjoy unusual prosperity.

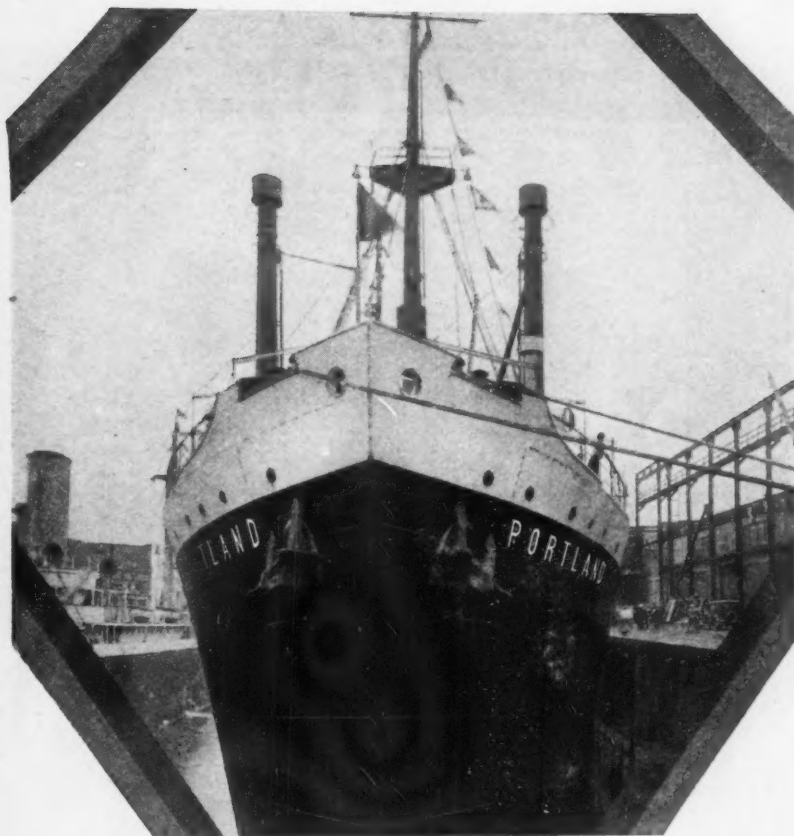
Of course, there is a limit somewhere. In other words, we must accumulate for retirement and old age. Such accumulation can be made to work, however, if it is invested in good business.

I have read many other articles in your valued magazine from time to time, and I think you are editing a publication that contributes very expertly to the enlightenment of all of us as to business problems and business conditions in general.

THE DEAN of the College of Commerce, Louisiana State University, Professor James B. Trant, thinks also that Professor Foster and Banker Catchings are on the right road:

The article by Foster and Catchings entitled "One Way to Prosperity" is very good. I believe that most economists of today quite agree with these gentlemen in their point of view. At bottom one of the biggest problems is the matter of employment, and any scheme that will increase employment will increase both saving and spending—saving the instruments of production, and spending for greater comforts, happiness, and a higher standard of living generally.

I am highly pleased with your magazine



PORTLAND, Oregon a world port!

THE SIXTH port in export tonnage in the whole United States, third on the Pacific coast. The largest freight ships on the Pacific ocean are accommodated at Portland. There are sixty-five acres of cargo space; berthing for one hundred vessels; fifty piers; twenty-seven and one-half miles of frontage; six and one-half miles of docks; four modern municipal terminals; two one-million-bushel grain elevators; two municipal dry docks, of nine thousand and fifteen thousand tons capacity; and an uninterrupted channel to the sea of thirty feet minimum depth. A port where rail and water meet.

Portland is a city of diversified industries, the wool manufacturing city of the West. Garments made in Portland are sold in the biggest department stores in the East in competition with those manufactured on the Atlantic seaboard.

The number of industrial plants in Portland is increasing rapidly. A survey of one hundred existing Portland industries reveals an increase in employees of from 3% to 200%. The percentage of increase in business ranges from 5% to 500%. 36 industries reported percentages of increase ranging upward from 25%.

Portland is the Center of America's Summer Playground

Spend this Summer in the enjoyment of your favorite sport and investigate the opportunities for industrial development, the investment of capital and the possibilities of extending your business connections.

Write for an industrial survey or vacation information to the Advertising and Promotion Department, Portland Chamber of Commerce... Room 207, Portland, Oregon.

Portland invites YOU to Oregon

When writing to PORTLAND CHAMBER OF COMMERCE please mention Nation's Business



Wrap the goods in **GATOR-HIDE** and send them **SAFELY** home!

Satisfaction with your goods or service is doubly sure when the customer receives a neat, attractive package, trimly wrapped in Gator-Hide Kraft. This paper is firm-fibred and strong. It resists wear and tear, moisture, and careless handling. It protects articles as customers themselves would have them protected. Let us send samples and give you the name of the nearest distributor. Write today.

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and I want to congratulate you on doing a fine piece of work.

BUT Clinton Jones, Cashier of the Bank of Farmington, Ky., is not so sure:

I have just finished reading two articles in the current issue of NATION'S BUSINESS, "Are There Too Many Salesmen," and "One Way to Prosperity," where the pros and cons of spending and saving are discussed.

Both articles are intensely interesting and instructive, too. I have always been on the saving side of the question, but from a logical standpoint the argument for spending seems to have the better of the scrap so far.

I have just been trying to think up an answer to the spenders' strong argument.

If the various classes of people, I will say consumers, were nearly on the same basis there would be no argument against the spenders' argument, but down here in west Kentucky and in Tennessee where the chief resources are agriculture, the folks must necessarily save and save even though it forces them to live on a lower plane (which it does) than laborers in the northern cities.

We have a lot of concrete examples to prove that such is the condition. For example, a young farmer friend of mine who was both strong and willing to work labored for years to pay for 40 acres of land. He had a wife and one child. About a year ago he threw up the sponge and went to Detroit. In 12 months he has paid more on his land than he had paid in four years' farming, and his wife and he say they are living better.

WE ARE all inclined to worry over the mote in our neighbor's eye and overlook the beam in our own. Business is prone to point a scornful finger at the Government and say "red tape," "inefficiency," "lack of initiative," and forget to look around its own office for red tape, overlapping and duplication.

A. F. Woods, Director of Scientific Work at the United States Department of Agriculture, says that in a letter regarding the discussion "Untangling the Government" by William Hard in NATION'S BUSINESS.

"I have found," he writes, "as others have found who have given careful study to the question, that the same problems of organization, overlapping and duplication, are quite as common and acute outside of the government service as in it."

Mr. Woods brings out the question of the place of the public roads work and adds:

The mistake made by those who think that road building simply because it involves engineering and construction is a public works activity is that of confusing agencies and methods with purposes. The purposes constitute the only reasonable basis for division of activity. The encouragement of road building fits in as an element of transportation, not as an element of public works. Lacking a division of transportation in which all means of transportation—waterways, railways, highways, airways—and other communications would be grouped



comes to the "DETROIT of the WEST"

THE far western states have been "Chrysler states" ever since the first car bearing Walter P. Chrysler's name was built, for the youthful, zestful spirit of the west has always found in Chrysler something kindred.

With the creation of Chrysler Motors and the addition of other cars to the original Chrysler family—which now includes Chrysler "65", "75" and Imperial, Dodge Brothers passenger cars, trucks and busses, De Soto, Plymouth and Fargo—the vast western markets have become more and more important in the Chrysler Motors development.

And beyond our own West, there is the great and rapidly-growing Chrysler Motors export business with all countries bordering on the Pacific Ocean.

In view of these flourishing conditions, it was inevitable that Chrysler should decide to build an assembly plant on the Pacific Coast.

Chrysler Motors has bought a 51-acre tract in Oakland for a western plant which is soon to rise among the other great industrial establishments in Oakland's manufacturing district. Oakland offers equable all-year climate; freedom from industrial strife; extensive rail and water outlets; pleasant living conditions for workers; splendid educational and recreational facilities.

Any industry contemplating a Pacific Coast plant will be interested in reading the booklet "We Selected Oakland." It is yours for the asking. If more detailed information is desired, we will make a special survey for your business without obligation.

INDUSTRIAL DEPARTMENT
Oakland Chamber of Commerce

OAKLAND CALIFORNIA

Automotive Manufacturers who have selected Oakland

Chrysler Motors is an important addition to the list of automobile manufacturers who are justifying Oakland's claim to the title, "The DETROIT of the WEST."

Among automotive industries now here are the home plants of Caterpillar tractors and Fageol busses and trucks, Hall-Scott motors; branch plants of the Chevrolet Motor Company, Oakland Motor Company, Durant Motor Company, United Motor Service, Inc., and Fisher Body units of General Motors. A site has been purchased by the Seiberling Rubber Company, tire manufacturers. Also, the Ford Motor Company will soon start construction of a big unit on a site near Oakland.

GROUP WASHING IN CLEAN RUNNING WATER



Here Ten Men Can Wash ▲▲▲ and use no more water than one

Here are some users of Bradley Washfountains:

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Du Pont
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Works
Westinghouse
General Electric
Illinois Glass
International Harvester
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Victor Talking Ma-
chine Co.
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chine Co.



The Bradley Catalog describes and illustrates the various sizes, shapes, types and grades of Bradley Washfountains together with the special accessories with which they may be equipped when desired. Mention No. 1028 when you ask for your copy.

Think of the saving in your plant, shop or factory washroom when you install Bradley Washfountains. Their large, circular bowls give men more room to wash—utilize *all* your washroom space—and save as much as 90% on your water bills!

Ten can wash at once at a Bradley Washfountain, using no more water than one at an individual faucet. The shower of clean running water is directed so that soapy, dirty water is carried to the deep bottom of the self-flushing bowl. Water does not drip from the washer's arms on to the floor to make the washroom sloppy—thus the work of the attendant is lightened. Bowls and washrooms are kept cleaner at less expense.

Do away with crowded, dirty washroom conditions by installing Bradley Washfountains. They are made in a variety of sizes, shapes, and colors to meet any washroom requirement. Less plumbing and fewer plumbing connections are necessary with Bradley Washfountains.

From the standpoint of economy—of worker's time, of space, of water—select Bradley Washfountains for your washrooms—new or remodeled.

Hundreds of industrial executives have selected Bradley Washfountains for their shops. A glance at the list of users will convince you of their practical economy.

Ask for the booklet "Modern Washroom Requirements." A Bradley representative will call and help plan your washroom layout.

**BRADLEY
WASHFOUNTAIN CO.**
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BRADLEY WASHFOUNTAINS

GROUP WASHING IN CLEAN RUNNING WATER

Astonishing!

Business men tell us the new Portfolio of Attention Compelling Letterheads is really surprising. They say it gives them more ideas on letterhead effectiveness than they ever thought could be packed into a single mailing piece. It includes full-size samples of colorful, friendly letterheads we've created for the exclusive use of our customers.

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25,000 at \$1.50—12,500 at \$1.75 or
6,250 our Minimum at \$2.25 per 1000
Complete—Delivered in New York

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PARAMOUNT BOND**

A Beautiful, Strong, Snappy Sheet
HIGHEST GRADE ART WORK AND ENGRAVINGS
GEO. MORRISON COMPANY
553 West 22nd St. New York City
SEND FOR BOOKLET OF PAPER AND ENGRAVINGS

and administered the next closest association of highway construction is either with agriculture or commerce, not public works.

Critics of government are largely wrong in their hypothesis that by grouping agencies and methods of apparently similar character they will accomplish purposes more efficiently and economically. To group together all engineering works of the Government merely because they employ the same method would be as irrational as the grouping of all work employing the services and methods of economists or lawyers or accountants. If that plan were followed to its logical conclusion it would be necessary to consider as public works the military engineering functions of the War Department and the design and construction of battle-ships for the Navy.

The so-called rural problem has its roots in *land utilization*. There can be little question that the problems of economic and uneconomic land utilization lie at the bottom of the so-called agricultural problem. The Department of Agriculture is rightly charged with making surveys to determine the nature of the soil and its adaptability to cultivated crops, grass crops, or forest crops or other vegetation. It is the proper function of the Department of Agriculture to determine the relation of these crops to each other, not only from the standpoint of soil and climate, but also from an economic standpoint.

The great problem of erosion—perhaps in cultivated lands—is also exceedingly important on land in general. Overgrazing ranges in the unappropriated public domain is removing the protective cover and causing enormous losses from erosion. The Department of Agriculture is controlling this to some extent in the national forests. Would it not be logical to have the Department control it in the unappropriated domain as a part of the same program?

The question of the reclamation of land for agricultural purposes is fundamentally an agricultural question. Why do we want to reclaim land that is not needed for agricultural use, only to plant it in crops to swell the surplus produced on existing farms? Land reclamation is at bottom an agricultural problem.

The *major purpose*, as you point out, should be the guiding principle of government reorganization, but it is essential that this major purpose be correctly determined.

I want to congratulate NATION'S BUSINESS on this very helpful series of articles.

IN THE March number William Feather, talking about books, had something to say about Einstein. J. B. Reiche, a reader in Berlin, read it and wrote to us:

I am a fervent and thankful reader of NATION'S BUSINESS. Should all Europeans read it, it would put into their veins a stream of fresh blood from America's fountain of youth. NATION'S BUSINESS often stirs me to write you, were it not for the bad marks I got in school for composition in English.

Referring to Mr. William Feather's remark in the March edition in the middle of page 224 I wish to point out that Mr. Feather is quite right, but he made a mistake in mentioning Einstein. What Einstein wrote cannot be called a book, but an equation.

I am a simple dealer in certain raw ma-

terials and am, alas, not among the dozen of men in the world who could understand Einstein. But let us be fair to Einstein. He certainly cannot understand my, or any U. S. A. merchant's "equation", i. e. our price lists, or calculation scheme of a special article, which are meant to be read or understood by certain groups of men only and are no book for the greatest public either.

Maybe that Einstein is to us like a very late Greek or an Alexandrian philosopher, producing the most subtle thoughts, is to a manumitted slave's grandson, shipowner in Marsilia or to Teutonic heroes who squashed the old era and started ours. They smiled at the Alexandrian as he smiled at them. Two worlds and no comprehension. Though ours be the new era, let us be fair to the equations of the old one. Mr. Feather is wrong, because he lacks historic delicacy, but he is right, because unbroken vitality always is.

A WISE old editor once said, "Never use a superlative." The minute you say something is the biggest you will get a letter pointing out that there is a still bigger one.

In the February number we had an article on the capitol building in Nebraska, and the writer said "A feature of the capitol is that it will probably be the only such structure in the United States built without a bond indebtedness."

Whereupon Charles H. Tenney, of Tenney, Reynolds & Davis, attorneys of Madison, Wis., says to us:

I think Mr. Lowell's attention ought to be called to the fact that he is greatly in error in entertaining a thought of that kind. The state of Wisconsin finished its capitol more than 10 years ago without a dollar of indebtedness on the part of the State and if you go further into the matter you will find that the State of Wisconsin has no such thing as a bond indebtedness.

And we hasten to apologize to the State of Wisconsin.

NOW FOR a few letters from our friends with a kind word to say. E. W. Clapp, Traffic Manager of the Southern Pacific Lines, Chicago, Illinois:

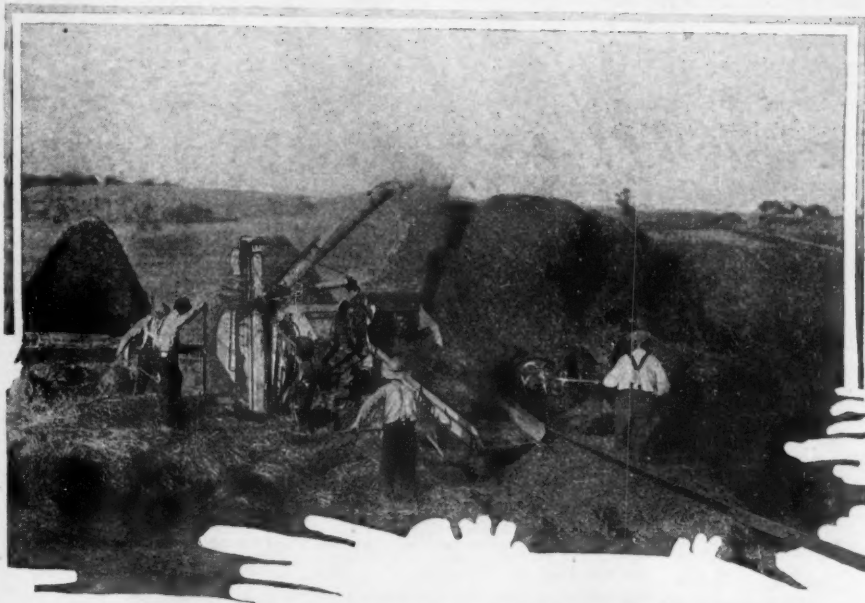
I want to say that NATION'S BUSINESS is a familiar name, having appeared on our schedule each year, and familiar not only by name, but by its merit as an employee on our payroll serving faithfully the interests of the Southern Pacific Company in the role of "silent salesman."

It is my sincere wish that as allies in business, we may continue to enjoy parallel growth as you and I anticipate.

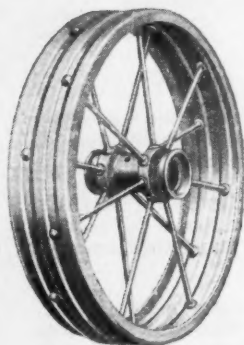
(A nice phrase for this magazine, "Allies in business.")

FROM Mammoth Spring Canning Company, Templeton, Wisconsin:

If we have any suggestion to make, it would be that some of the material be culled out, as we think some articles to be of little use. This may be due to the fact that our particular business cannot make



NO OTHER STEEL WHEELS CAN HAVE FRENCH & HECHT FEATURES



French & Hecht, Inc., is the largest manufacturer in America specializing in the design and manufacture of Steel Wheels, producing wheels for over 2,000 different kinds of machines, including:

- Farm Implements
- Farm and Industrial Tractors
- Road Machinery
- Motor Trucks
- Busses
- Trailers
- Baggage Trucks
- Wheelbarrows, Carts and other equipment

The Minneapolis Thresher and other leading makes of portable farm machines are equipped with French & Hecht Steel Wheels because no other wheels have these special features:

All tests show that French & Hecht Wheels are about 35% stronger than other types of wheels of comparable weight. Each spoke is forged in the hub by a special process which expands the metal in the hole and at the same time forms a shoulder on the outside and a head on the inside. The essential features and refinements of this construction are exclusively French & Hecht.

Because of their great strength and rigidity French & Hecht Wheels withstand the strain of road shocks and jolts and are practically permanent.

French & Hecht Wheels are designed to meet all mechanical requirements of these machines under all field and road conditions. This contributes to light draft and more satisfactory operation.

So efficient are French & Hecht manufacturing facilities that a distinct saving in cost of wheels can be effected in most instances for manufacturers of any wheeled equipment. The vast engineering experience and facilities of this organization are always available to manufacturers. Write.

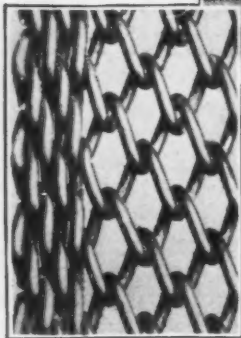
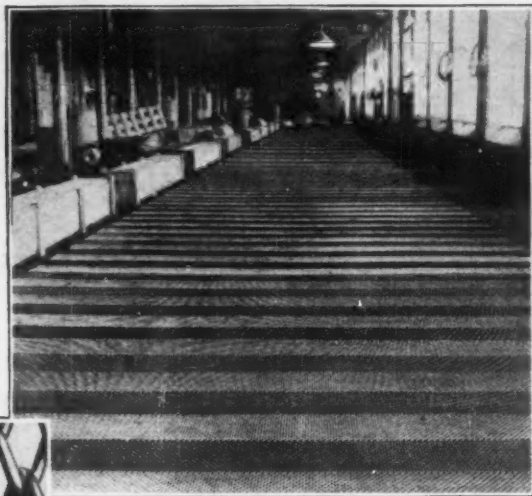
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STEEL WHEELS

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when Wire becomes Conveyor Belt...



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Wire Kitchen Utensils
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Linings
Wissco Card Clothing

A RESEARCH CHEMIST demonstrated a new heat treating process to an automobile manufacturer. It multiplied the wearing life of metal parts many times. The laboratory tests were so successful that the manufacturer was enthusiastic. But a snag developed in the commercial adaptation of the process for no present conveyor belting could withstand the extreme heat.

The Wickwire Spencer Steel Company was called in. A new metal was developed—Wisscoloy. A conveyor belt was woven that would travel through temperatures of 2000° F. without damage to itself or the products carried on it. Only then did the heat treating process become a commercial success.

Through Wickwire Spencer efforts heat or cold, moisture or dryness are factors that are vanquished by the manufacturer whose product rides on Industry's Highway—the conveyor. Wire conveyor belts to meet every extreme condition of industrial practice have been developed by this Company. Their success is due to research which determines correct metallurgical properties, to design which crystallizes correct engineering principles, and to a standard of manufacturing which insures uniform products.

Consult Wickwire Spencer conveyor engineers . . . and get the benefit of a thoroughly practical experience.

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Buffalo
Cleveland

Chicago
Atlanta
San Francisco

Los Angeles
Seattle
Portland



WICKWIRE SPENCER

Wire Products

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use of the articles we are indifferent to. Another suggestion is that some articles could be boiled down somewhat.

(But if we did leave out some we might leave out the very thing that the other fellow wanted.)

WE HAVE come so to accept in this country the doctrine of high wages that it a little surprises us to hear the views on the other side. Yet this comes from H. E. Southworth of West Stoughton, Mass., in renewing his subscription for what he calls "our very helpful" magazine:

I note many are praising high wages as a proof of prosperity, but let us consider a moment. Too high wages compel more economical use of labor and cause unemployment. A few examples as follows:

High labor costs with the high cost of fuel and domestic service compel us to live in smaller houses.

Farms are neglected because they do not yield the cost of production.

High railroad wages have resulted in poorer service and less employment. The investor must get his equitable share, or government ownership results, which cannot safely be considered until we have a better class of men in politics than we are like to have for years to come.

There is a lot of work which might be done at a price, and there are a lot of people that need the work. Lower living costs are more to be desired than high wages.

(A chance in short to swap food for fashion.)

FROM the Superintendent of the Atchison, Topeka & Santa Fe Railway at Newton, Kansas, G. G. Darby:

While I have been very much interested in a number of the issues that of May appears to contain more interesting articles than I had heretofore noted.

After reading my copy I pass it on to other members of my staff who also find many articles of benefit to them and we all look forward to the coming of new numbers.

AND A French correspondent supplies us with what seems a novel and perhaps a worth while idea. Fastened to his letter and easily detachable is a gummed label bearing the printed address of his company. It can be stuck on the envelope and there can be then no chance of a mis-direction.

With the label there is a little notice saying in English, German, Spanish, and French:

"Please stick this label as address on the envelope."

Then our correspondent, A. DuPont of the DuPont Overseas Trading Company, goes on to say in his letter that American Food exporters are missing a chance in France. There is a demand, which his company, would like to help fill for corn, wheat and other flours and cereals. He also says dehydrated vege-

tables—potatoes, carrots, cabbages, leeks, lettuce and others—such as the United States manufactures for export can be sold there.

AS AN EDITOR of a business magazine we have long felt that any problem could be solved with the help of a proper chart or graph, and the best graph for the purpose of solving problems which we have ever seen was recently quoted from the British Journal of Experimental Biology.

Here was the legend beneath the graph:

Fig. 6—Years of maxima of the Canadian rabbit (varying here) marked on the sunspot curve. (Latter from Huntington, 1923.)

And if we could only overlay on those lines Professor Fisher's index of wholesale price and a line of pig iron production and another of bank collections outside of the United States we are sure that the result would tell us whether to buy or sell U. S. Steel common.

OUR greatest concern is, of course, the effect NATION'S BUSINESS produces at home; but we cannot help following it with pride when it journeys around the world.

This time it is "The Practical Socialist" by Samuel O. Dunn, which appeared back in our November number and which reached half-way round the globe to New Zealand. It was commented upon and reprinted in part in the *Chamber of Commerce Journal* of Auckland, N. Z. The piece struck a local parallel in a proposed government railroad.

THE TROUBLE with organized men is that when they decide something is wrong they say something should be done, pass a resolution, propose a lot and go home, but that isn't the way with women. The National Federation of Business and Professional Women's Clubs is prepared to take in hand the situation described by Edna Rowe in the April issue in an article "How High Can a Woman Climb?" and do something.

Mrs. Eva Hunt Dockery, chairman of their National Publicity Committee, tells us what she purposes to do:

I am taking the matter up with Miss Helen Havener, publicity director for the Business and Professional Women's Clubs, and am suggesting that we recommend the article as the basis of a live program for a regular meeting. Personally, I intend to do this in my own club in the near future. There are several statements made by men employers in Miss Rowe's article, which I know our club membership will love to attack. As national publicity chairman for our organization, I am particularly pleased to have this article given the prominence it has in your magazine.



Entrance lobby new Selby Building



Five years ago, the Selby Shoe Company of Portsmouth, Ohio, began a complete program of modernization. This third large new unit, including administration offices and display rooms as well as a large area of manufacturing space has recently been completed by Ferguson Engineers.

THIS modern, beautiful, efficient plant—designed and built by Ferguson Engineers—is already in action in the battle for supremacy in a highly competitive market

MANY manufacturers are still clinging to old methods and old factory buildings—built up through years of struggle and competition. Sentiment, or the thought that rebuilding is a colossal undertaking is holding them back—handicapping them in the race.

Ferguson Engineers have shown many of their customers how to budget an improvement program over a period of years so that the project can be carried out in logical steps without interruption of production and without undue financial burden.

If your sales are dropping off—if your competitors are elbowing you out of position, a thorough check-up on your plant and methods may prove invaluable. Ferguson Engineers can help you as they have helped so many of America's important industrial concerns. A phone call—a wire—a letter to the nearest Ferguson office will start immediate action.

The complete story of the Selby Shoe Company's modernization program appears in the current issue of the Ferguson "Cross Section". A request from you on your letterhead will bring this interesting publication to you, gratis, each month.

THE H. K. FERGUSON COMPANY
Hanna Building • CHerry 5870 • Cleveland, Ohio

Ferguson
ENGINEERS

New York • Pittsburgh • Detroit • Birmingham • Tokio, Japan

When writing to THE H. K. FERGUSON COMPANY please mention Nation's Business

THIS is the fourteenth of a series of editorials written by leading advertising men on the general subject of "Advertising"



The Like-Mindedness of the Advertiser's Public

THE inhabitants of these United States are more nearly like-minded than any other large group in the world. It is customary to describe them as standardized, and blame advertising. Advertising is far more engaged in exploiting like-mindedness than creating it.

Our country, as contrasted with the older civilizations, has made its growth since means of intercommunication became common and plentiful. The railroad and motor car have made the country smaller. People get about and see how other people live, and adjust their lives accordingly. The tools and furniture of living are distributed with equal facility.

It has been said that nowhere in the world are there so many people in so large a territory engaged in unrestricted free trade with one another. It might be added that nowhere are there so many people surrounded by the same paraphernalia, doing the same thing in the same way at the same time as in this territory.

All of which makes opportunity for the advertiser who wishes to distribute his product on a national scale. The volume of advertising and its extraordinary success in selling goods is due to this receptiveness of the American public, to the fact that they do not mind buying and using exactly what their neighbors buy and use, that they rather prefer it. It is a country ideally arranged for advertising.

These are some of the forces that have been preparing the American mind for nation-wide advertising.

Advertising owes much of its development to what may be called the spirit of emulation. More motor cars are sold because the family next door has one, than because the purchaser has arrived independently at the decision that he needs one. A disposition to do what others do, to keep up with one's own crowd, or down with it when necessary, is the advertiser's greatest asset.

Advertising of widely adopted popular priced articles has traded on this like-mindedness. It would never have succeeded with a nation of individualists. People who do not care what others think, who do not mind being eccentric, who wear what they please without self-consciousness, and who are utterly uninfluenced by public opinion, will never be good customers for the products of mass production.

In the United States the opposite is true. We are abnormally self-conscious about our belongings, lest they look odd to our neighbors. Thus large-scale concerted action is obtained in many things which do not matter, such as sales conventions, golf, plus fours, donning straw hats May 15th, joining

Index of Advertisers		July, 1929	
	PAGE		PAGE
Accounting Machine Div., Remington Rand.....	137	John Hancock Mutual Life Insurance Company..	172
Acme Card System Company.....	3	Johns-Manville Corporation.....	95
Addressograph Company.....	79		
Agricultural Insurance Company.....	104	Kansas City Chamber of Commerce.....	145
Alexander Hamilton Institute.....	7	Kemp, C. M., Mfg. Co.....	140
Aluminum Company of America.....	194	Kimberly-Clark Corporation.....	81-82
American Appraisal Company, The.....	142		
American Clip Co.....	136	Lamson Company, The.....	141
American Express Company.....	120	Life Extension Institute, Inc.....	64
American Institute of Steel Construction, Inc.....	69	Louiseville Industrial Foundation, Inc.....	121
American-LaFrance and Foamite Corporation.....	123		
American Multigraph Sales Company, The.....	157	Mahoney-Ryan Aircraft Corporation, The.....	146
American Mutual Liability Insurance Co.....	91	Marchant Calculating Machine Company.....	99
American Sheet & Tin Plate Company.....	109	Maryland Metal Building Company.....	160
American Telephone & Telegraph Co.....	3rd Cov.	Master Builders Company, The.....	53
Appleton, D., and Company.....	136	Metropolitan Life Insurance Company.....	54
Arlac Dry Stencil Corporation.....	142	Middle West Utilities Company.....	171
Armstrong Cork & Insulation Company.....	163	Milwaukee Road, The.....	105
Associated Gas and Electric Company.....	170	Mohawk Carpet Mills.....	77
Austin Company, The.....	10	Mohawk Rubber Company, The.....	129
		Monroe Letterhead Corporation.....	188
Bakelite Corporation.....	183	Morrison, Geo., Company.....	188
Baker-Vawter Kalamazoo Div., Remington Rand.....	110	Morse Chain Co.....	108
Baltimore Trust Company.....	174	Mutual Casualty Insurance.....	113
Bauer & Black.....	114		
Becker, A. G., & Co.....	175	National Lamp Works of General Electric Co.....	117
Bedaux, Chas. E., Companies, The.....	172	National Lumber Manufacturers Association.....	153
Blaw-Knox Company.....	155	New Jersey Zinc Sales Company, The.....	125
Bradley Washfountain Co.....	188	Northern Pacific Railway.....	118
Burroughs Adding Machine Company.....	59		
		Oakite Products, Inc.....	160
Caldwell & Company.....	166	Oakland Chamber of Commerce.....	187
Californians Inc.....	193	Oakland Motor Car Company.....	57
Central Alloy Steel Corporation.....	92	Otis & Co.....	170
Chevrolet Motor Company.....	51		
Clemensen Co., The.....	63	Package Machinery Company.....	87
Command-Aire, Inc.....	152	Parker Rust-Proof Company.....	128
Commercial Investment Trust Corporation.....	164	Peelle Company, The.....	162
		Pennsylvania Railroad.....	85
Dahlstrom Metallic Door Co.....	130	Philadelphia and Reading Coal and Iron Co., The.....	143
Detex Watchlock Corporation.....	156	Portland Chamber of Commerce.....	185
Detroit Steel Products Company.....	93	Postage Meter Company, The.....	149
Diamond Chain & Mfg. Company.....	106	Postal Telegraph.....	73
Diebold Safe & Lock Co.....	158		
Dodge Brothers Corporation.....	102	Reading Iron Company.....	151
Domestic Electric Company, The.....	133	Reynolds, R. J., Tobacco Company.....	4th Cov.
Duke Power Company.....	144	Richards-Wilcox Mfg. Co.....	2
		Robbins & Myers, Inc.....	75
Egry Register Company, The.....	182	Robertson, H. H., Co.....	115
Elliott Addressing Machine Co.....	134	Rundle-Spence Manufacturing Company.....	134
Equitable Trust Company of New York, The.....	173		
Erie Railroad System.....	161	Schultz, H., Company.....	176
Ernst & Ernst.....	176	Security-First National Bank of Los Angeles.....	178
Ethyl Gasoline Corporation.....	100	Silver King Golf Ball.....	124
		Smith, Reed & Jones, Inc.....	168
Fargo Motor Corporation.....	1	Special Production Machines, Inc.....	147
Ferguson, H. K., Company, The.....	191	Stationers Loose Leaf Co.....	107
First National Bank of Boston, The.....	167	Stone & Webster Engineering Corporation.....	83
Fokker Aircraft Corporation of America.....	85	Structural Clay Tile Association.....	135
French & Hecht, Inc.....	189		
Fulton Syphon Company.....	119	Thew Shovel Company, The.....	86
		Todd Company, The.....	87
General Fireproofing Company, The.....	138	Truscon Steel Company.....	61
General Motors Truck Company.....	67	Trussell Mfg. Co.....	96
General Office Equipment Corporation.....	181		
Georgia Marble Company, The.....	116	United Autographic Register Co.....	2nd Cov.
Goodyear Tire & Rubber Co., Inc., The.....	179	Vacuum Oil Company.....	4
Guaranty Trust Company of New York.....	177		
		Wagner Electric Corporation.....	154
Halsey, Stuart & Company, Inc.....	169	Weston Electrical Instrument Corporation.....	131
Health Extension Bureau.....	176	Weyerhaeuser Forest Products.....	159
Heints Manufacturing Company.....	71	Wickwire Spencer Steel Company.....	190
Hinde & Dauch Paper Company, The.....	126	Wing, L. J., Mfg. Co.....	114
Hornblower & Weeks.....	168		
		Youngstown Sheet & Tube Company, The.....	90
Industrial Brownhoist Corporation.....	184		
International Business Machines Corporation.....	8		
International Paper Company.....	186		
Irving Trust Company.....	6		

Rotary or Ku-Klux, bootleg booze, mothers' day, sticking pictures on the windshield, hot-dog stands, flivver camps, filling stations, and pseudo-patriotism. All this makes things easier for the advertiser. If he has a set-up that is good in one family, it is good in all families, in Portland, Maine, as well as Portland, Oregon. If anybody wants it, everybody wants it. If you are going to drive a flock of sheep, it helps immensely that they are sheep. You can drive the

whole flock. With a herd of pigs, you must drive each separate pig. This does not mean that there is no longer need for skilful, intelligent, well-thought-out advertising. There is every need, because your advertising must compete with all other advertising, and must be distinguished and original.

EARNEST ELMO CALKINS,
President—Calkins & Holden,
New York City



Investigate commercial and industrial SAN FRANCISCO

The leading financial, shipping, lumber, railroad, oil, insurance, hydro-electric, manufacturing and distributing interests of the west have selected San Francisco as headquarters. Hundreds of great eastern corporations have located branch factories, distributing facilities or western sales offices in San Francisco. Their reasons may be of value to others who are considering such a move.

The world's greatest potential market lies in the lands bordering the Pacific. 900,000,000 people, who are rapidly awakening to modern progress and the need of modern products, are most logically served through the natural gateway—San Francisco Bay.

11,000,000 people living west of the Rockies can be more easily and cheaply served from San Francisco than from any other city. To ship from outside this territory or from any corner of it causes needless expense and delay.

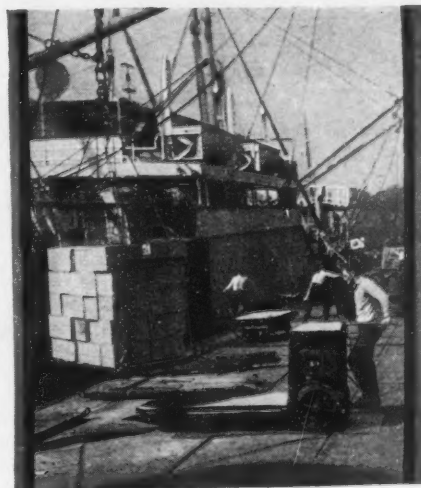
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Thus the supremacy of the San Francisco Bay area over any other Pacific Coast area in commerce and industry is entirely logical.

Here there is no oppressive summer heat to slow production and no excessive cold to create winter problems. In fact, the average mean temperature varies but 6°, summer and winter. This is an out of door climate, ideal for exercise and recreation.

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These facts, together with others of equal importance, have been published in a new book which will be sent to business executives with the compliments of the citizens and institutions of San Francisco.



“WHERE LIFE IS BETTER”

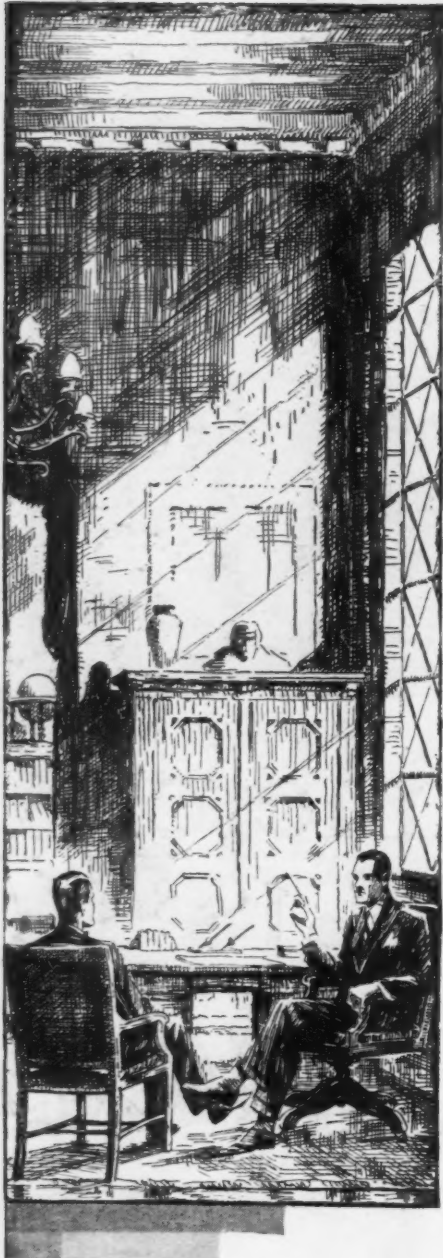
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IN CALIFORNIA



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They are quiet. Their welded-in-one-piece construction eliminates the squeaks and groans of loosened dowels, dried-out joints.

They are amazingly light—and can be rolled in front of the work at hand with the slightest impulse.

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A wide variety of styles, upholstery and finishes, in natural wood or in flat enamel colors, are shown in the booklet, "Distinctive Aluminum Furniture for the Office."

Ask your secretary to write for your copy.

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ALUMINUM
Office Chairs



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